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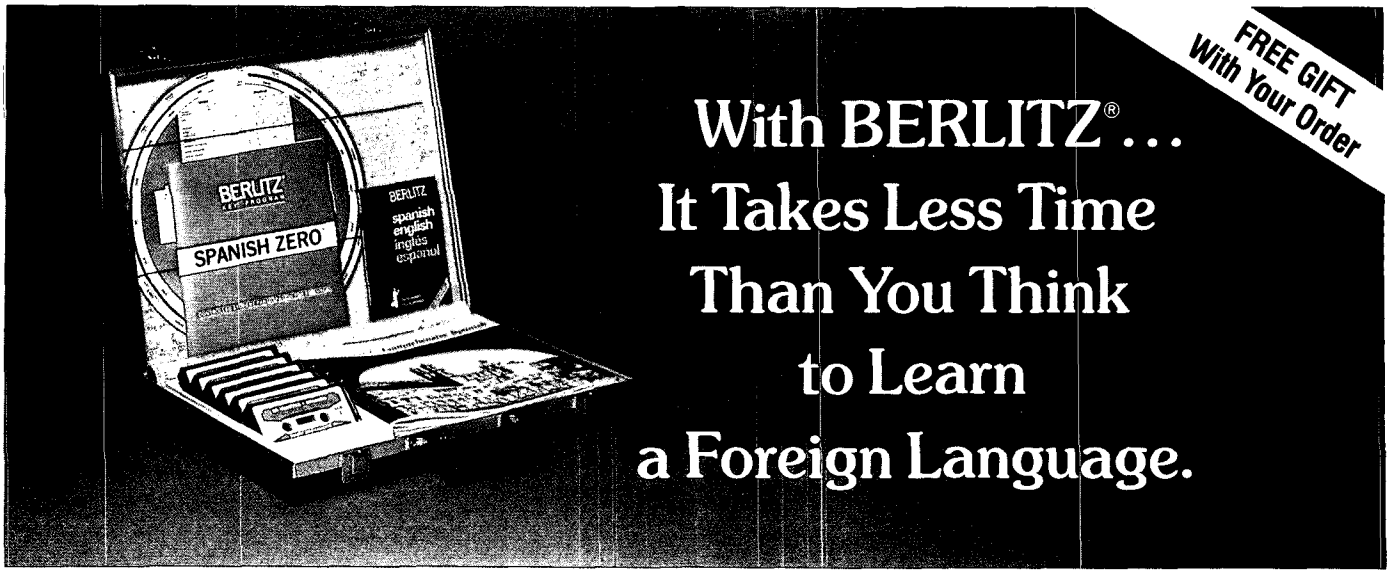

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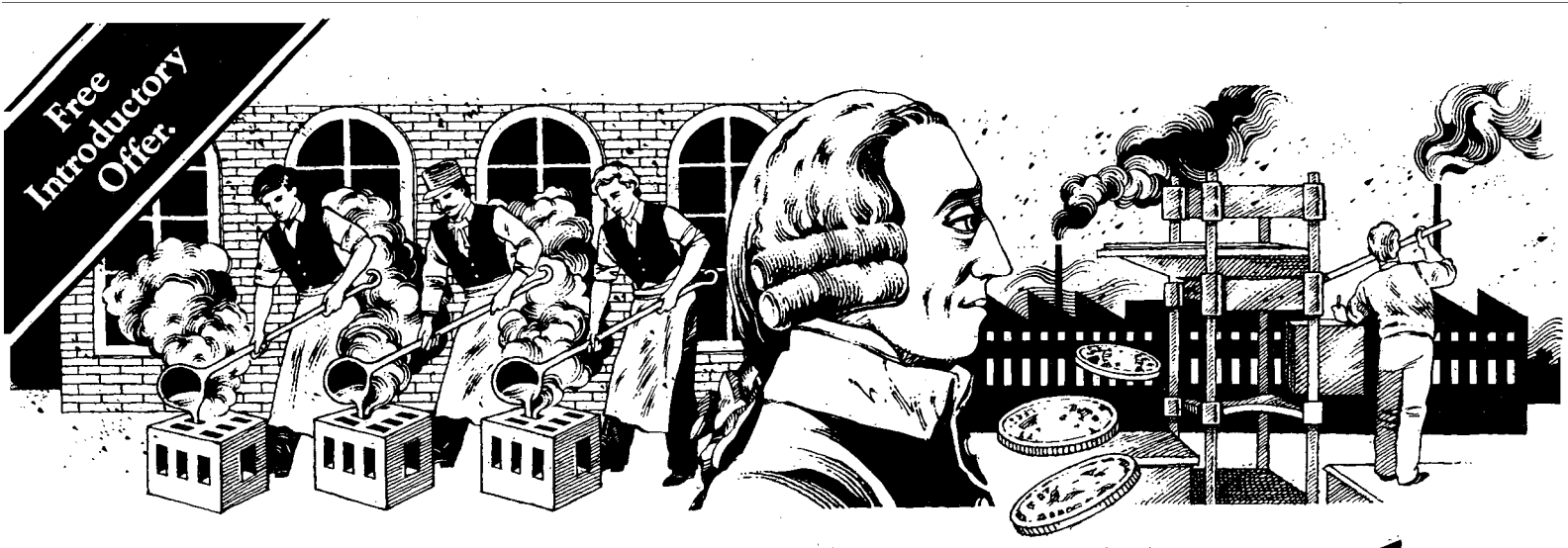

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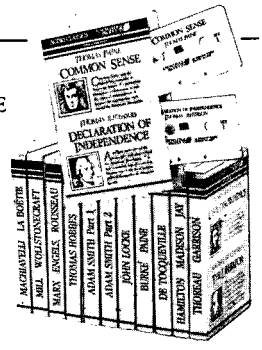

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April 1986/Vol. 17, No. 11
reason
Free Minds and Free Markets

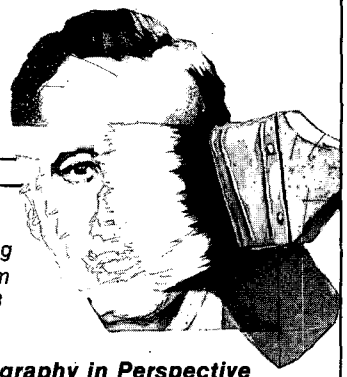
features

Sex police 26

26 ***Reagan's Smutstompers***
Martin Morse Wooster
Armed with dubious studies and fueled with righteous indignation, the Justice Department has declared war on pornography. Our investigative reporter gets behind the lines of the latest anti-freedom crusade.

34 ***God and Woman at Yale***
Lucy Braun
A young lady Bulldog gets an education in intolerance in the Ivy League.

37 ***The Great Twentieth-Century Foreign-Aid Hoax***
Tyler Cowen
Our foreign-policy mandarins point to the Marshall Plan as proof that foreign aid works. Let's take another look.



Whitewashing individualism 48

departments

Trends

18 Mexicans earn their bread, Prez digs privatization, Russkies are real nowhere men, property rights get propped, vouchermania!...

Life & Liberty

44 ***Hooray for Hollywood!***
Douglas Borton
Tinseltown thinks we need another hero, and another, and...

The Book Case

48 ***Has Individualism Grown Cancerous?***
Loren Lomasky
Habits of the Heart by Robert N. Bellah, et al.

50 ***Another Round in the Gold Debate***
Murray Rothbard
Money and Freedom, by Hans Sennholz

52 ***The New Campus Revolution***
John Fund
Poisoned Ivy, by Benjamin Hart

54 ***Minor Insight from a Major Figure***
William Havender
The Limits of Science, by Peter Medawar

56 ***Americans' Love-Hate Affair with Capitalism***
Stuart Lilie
American Ethos, by Herbert McClosky and John Zaller

6 ***Pornography in Perspective***
Up Front/Eric Martí

14 ***What Do the Federales Fear?***
Editorial/Marty Zupan

14 ***Tax and Spend: Lowering the Boom?***
Editorial/ Robert W. Poole, Jr.

42 ***Penny Stocks, Dollar Profits***
Investments/Mark Skousen

43 ***Rising Star in the Legal Firmament***
Spotlight/John Dentinger

58 ***How Stupid Can They Get?***
Viewpoint/Stephen Barone

8 ***Letters***

16 ***Brickbats***

54 ***Rudebarbs***

Cover illustration by David Necker

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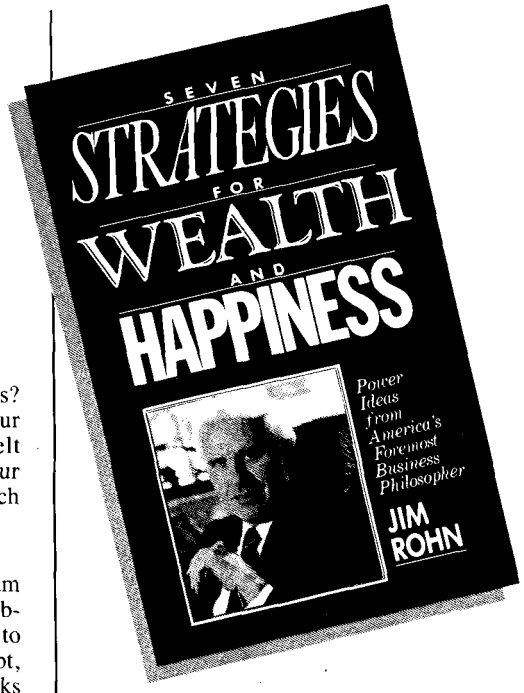
The Hidden Path to Wealth and Happiness



Are you tired of spinning your wheels? Do you sometimes feel frustrated by your search for success? Have you ever felt wealth and happiness slipping through your fingers each time you go all out and reach for them?

I know I have — many times.

My name is Ben Dominitz. Today, I am a bestselling author and a successful publisher. And it's my pleasure to be asked to recommend to you what is, without a doubt, one of the most important self-help books ever written: Jim Rohn's **Seven Strategies for Wealth and Happiness.**

Why am I writing this? You see, I feel proud of this book because Jim wrote it as a result of my urging. For years, I had the unique opportunity to learn from Jim his principles of success. I have attended his dynamic seminars and have spent hours listening to his tapes, which have been heard by over one million people — and this has made a tremendous difference in my life. And yet, I was constantly puzzled that Jim, whose ideas are among the most original I've ever heard, had never put these ideas on paper in the form of a book.

Finally, I decided to approach him on the idea of writing a book — a book that would commit his life-changing ideas to future generations. Jim is as modest as he is eloquent, and it took much prodding to have him agree, which he finally did.

I must tell you that the resulting book far exceeded my greatest hopes. In it, Jim lays down the laws and strategies for success and happiness in the simplest, yet most profound presentation. As a result, I have no doubts that anyone learning these easy-to-follow strategies will have the key to that elusive combination of **both** wealth and happiness.

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up front

Pornography in Perspective

Few issues are more controversial and emotion-rousing than pornography. So when the editors decided to commission Martin Morse Wooster, Washington editor of *Harper's* magazine, to investigate the government's anti-pornography efforts, we knew what to expect. Inevitably there will be some irate letters to the editor, some canceled subscriptions. We don't at all welcome such things, but so goes the business of publishing a magazine of ideas—if we were making *everybody* happy, we wouldn't be doing our job very well.

When we first discussed the idea of doing an article on the government's anti-porn campaign, we debated for some time just how the issue ought to be covered. There was, for example, the possibility of inviting a philosopher to write a "think piece" condemning censorship, in the Voltairean vein of defending the individual's right to free expression even if what is being expressed is execrable.

But we decided instead to focus on the the Justice Department's specific methods in its present war on porn—methods that, as Wooster reveals, involve subtle and not-so-subtle perversions of both science and logic. Indeed, it was the Justice Department's sponsorship of dubious porn research that initially aroused our interest in the subject. An internal memo, written by one of the editors more than a year ago, noted that censorship advocates were already citing these studies as "proof" that pornography is harmful. The memo raised the possibilities of biased research and of favoritism in the Justice Department's funding of this research. Wooster's investigation bore out those suspicions.

Our concern in covering this issue is not to defend pornography per se but to bring attention to what we believe is a serious attack on freedom. As Wooster carefully documents in his article, the Justice Department and its allies are trying to implement a national policy of "prior restraint" regarding erotica and pornography: just as gun-control extremists want to ban handguns on the grounds that possession of these guns can lead to crime, the anti-porn forces want to prohibit pornography because, they say, porn can cause rape, child abuse, etc. Wooster takes a close, careful look at claims regarding the alleged porn-crime link.

Obviously, in publishing this cover story, we do not defend rape and child abuse. Those are, as reasonable people must agree, readily identifiable violations of individual rights. But even if reasonable people can also agree on what counts as execrable pornography—not always a simple matter, given the idiosyncracies of taste and emotion—we the people stand to suffer greater harm from a government assault on freedom than from the free circulation of such wares. That, finally, is the perspective from which we present this month's cover story (page 26).

We imagine, too, that Lucy Braun's article on her experiences as a Yale undergraduate (page 34) will arouse emotion and generate letters from readers—especially those who might well identify with what she has to say.

Braun, an economics major in the class of '84, joined REASON's staff last summer as an editorial assistant, after having worked for a Washington, D.C., consulting firm. Egged on by some of the staff, primarily resident poetaster Bill Kauffman, Braun decided to set down some thoughts about her years at Yale.

As she makes clear in her memoir, "God and Woman at Yale," Braun regards her alma mater with deep, personal concern. Her connection to the university is, in fact, something of a family affair: both of her brothers and her father are also Yale alumnae. And it's in a spirit of familial affection that she describes the ideological intolerance that she encountered at Yale.

In the end, does the university deserve its acclaimed reputation for providing superior instruction in the liberal arts? "Yes," Braun says thoughtfully, with some reservation. "Not for the quality of teaching but for the potential for learning. Yale's an incredibly challenging place—and overcoming the political bias is one of those challenges."

—Eric Martí

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letters

What to Make of Those Democrats?

Assistant Editor Bill Kauffman's description of himself as an "Andrew Jackson Democrat" is quite apt; judging from his December piece on the Democrats, "Desperately Seeking Solutions," he seems to have missed much of the last 160 years.

Don't get me wrong—much of Kauffman's analysis of Democratic factionalism is quite cogent. But his attempt to hew so closely to your party line forced him into inevitable internal contradictions, misinterpretations, and selective reading of sources, including my book *The Neoliberals: Creating The New American Politics* (which remains curiously uncredited in the piece, despite its obvious usefulness).

Surely Kauffman knows that *The New Republic*'s Herbert Croly not only wrote of "the destructive individualism of Jeffersonianism," but of the need (in historian Charles Forcey's words) to use "Hamiltonian means to achieve Jeffersonian ends." And surely Kauffman recalls that the modern interventionist state, particularly as it relates to economic and social progress, was primarily a political invention of the *Republican* Roosevelt, a follower of Croly, who recognized (as eventually did Democrat Wilson and the other Roosevelt) that the anti-competitive, anti-individualistic spectre of industrial monopoly simply could not be managed by blind adherence to 19th-century free-market bromides.

Indeed, Kauffman's major error is not understanding that the basis of liberalism as a political creed was not frozen in the 19th century, but by its very nature is an evolving doctrine. As Eric Goldman made clear in his classic history of American liberalism *Rendezvous With Destiny*, liberalism has always allied itself with institutional reform aimed at promoting progress and the greatest exercise of individual freedom consonant with the freedom of the whole.

Kauffman mistakenly views the neoliberals' adherence to the principles of free trade, contra their Mondaloid brethren, as partial fealty to 19th-century principles, rather than as an example of economic internationalism (distinct from strategic internationalism) bred by their belief in the economically unifying power of new communications technologies.

And Kauffman is also mistakenly selective in criticizing Gary Hart and Paul Tsongas for supporting an oil-import fee, without also indicating that both Hart and Tsongas, indeed most of the congressional neoliberals, were in the forefront of the energy price-decontrol wars during the late 1970s and early 1980s. Tsongas and Bill Bradley, for example, were the only two Senate Democrats from the Northeast to oppose reimposition of oil price controls during the first year of the Reagan administration.

One final point, a big one. I simply cannot understand how a libertarian can support President Reagan's Space Defense Initiative without falsely justifying what would amount to the costliest transfer-of-wealth between government and private sector in our history. There is a growing body of work suggesting that our competitive disadvantage in the commercialization of information-age technologies derives from the military establishment's control of our nation's R&D apparatus. Inasmuch as Star Wars would further concentrate research, development, and application of critical new technologies with a mere handful of bloated and bureaucratically bound military contractors, it could hamper economic progress for decades to come.

Randall Rothenberg
Esquire
New York, NY

Mr. Kauffman replies: Well, gosh, what can I say? Except that Mr. Rothenberg's neoliberalism seems to be based on a discredited, fairy-tale interpretation of the Progressive Era that has few adherents outside the Arthur Schlesinger school for court historians. Gabriel Kolko exposed the "anti-competitive, anti-individualistic spectre of industrial monopoly" nonsense 20 years ago in *The Triumph of Conservatism*. The trend in

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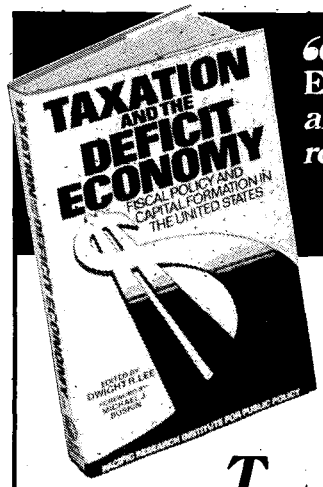

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the late 19th century was toward competition and decentralism; the progressives and their big business allies scotched that and created the regulatory state so dear to Herbert Croly's heart. My "party line" reading of American history owes much to courageous leftist and even (gasp!) Marxist historians such as Kolko, William A. Williams, Ronald Radosh, and Christopher Lasch—no libertarians, they.

Briefly: My failure to mention Mr. Rothenberg's fine book isn't so "curious"; I've never read it. Next on my list, I promise. As for "the economically unifying power of new communications technologies," frankly, I have no idea what this means. But I'm probably against it. I support SDI because I'm an isolationist and I believe that defensive weapon systems are a tad less immoral than offensive ones. (By the way, the American Enterprise Institute's Karl Zinsmeister points out that the federal government's share of all US R&D has declined from 64 percent in 1960 to 46 percent in 1984, contra Rothenberg.) I'm glad Bill Bradley and Paul Tsongas opposed oil price controls. And finally, if respect for individual rights is a "19th-century principle," heaven help us all.

Getting to Know You

I find myself in agreement with Tibor Machan's conclusion ("Assault on the Passions," Jan.) that we must reject the "dichotomy between spirit and body and the corresponding denigration of the human passions." However, I strongly disagree with his nescient assumptions that Christianity promotes this dichotomy.

The Bible condemns any sexual activity outside the husband-wife relationship as sinful. But between the husband and wife, the Bible supports and encourages sexual passion. Paul, who mistakenly is said by Mr. Machan to find sex less than completely noble, wrote that a husband has an obligation to have sexual relations with his wife regularly and she with him (I Corinthians 7:3). Paul in this passage condemns that very dichotomy that Mr. Machan condemns. He emphasizes that we are sexual creatures and to deny this and abstain will only lead to trouble.

Unfortunately, many Christians do believe sex is somehow dirty and unclean. But that is not the teaching of the Scriptures. A couple of examples: The Song of Solomon is a beautiful poem

letters

of the passionate, sexual love between a husband and wife. In the New Testament, Jesus Christ, the apostle Paul, and the writer of Hebrews all commend sexual intimacy in marriage.

In summary, Christians believe God created the sexual drives in both men and women. He made the intense pleasure of sex for us to experience and enjoy. But sex is to be experienced only within the marriage relationship.

Rev. Bruce L. Prentice
Lewistown, MT

Defending Sleazeballs

Marvin Olasky picked the wrong villains in his article "Hornswoggled" (Feb.). Samuel Insull and Theodore Vail may have been sleazeballs according to your moral code (the nonaggression principle), but they were simply individuals acting in their own self-interest. They were consummate businessmen, and succeeded admirably. The real villains were the rest of the people in America, who let them get away with it.

In any society, even a libertarian one, there will be those who disagree with the prevailing moral code. Your condemnation reminds me of those who moralize against drugs. In any event, you missed the important history lesson here: there will always be such schemers around, as summarized by the old bromide, "the price of liberty is eternal vigilance."

Robert L. Walton
Fairport, NY

Swiss Choose Wisely

Mark Skousen's advice (Investments, Feb.) on how to protect our purse if the history of the '20s and '30s repeats itself is sound and maybe timely. But what are we to do to protect what is even more precious than our pocketbook—that being what little is left of our freedom?

Most of the freedom from oppressive government bequeathed us by our forefathers was lost in FDR's combat with the '30s depression. This nation cannot survive another depression as severe as that. If we do have one, the people will rightfully demand a change from the politicians-dominated government that brought it on. Every other representative democracy that has failed has been followed by a dictatorship. Is that what we can expect?

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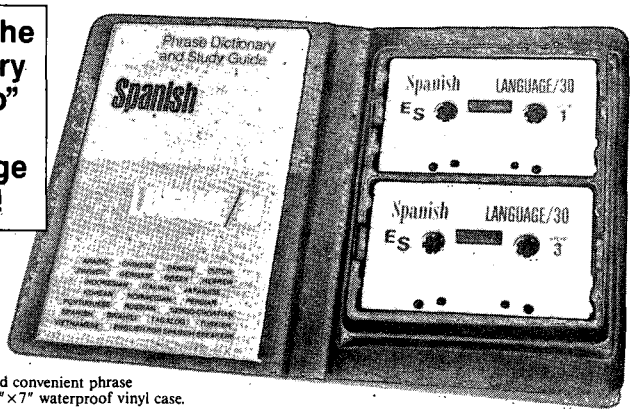

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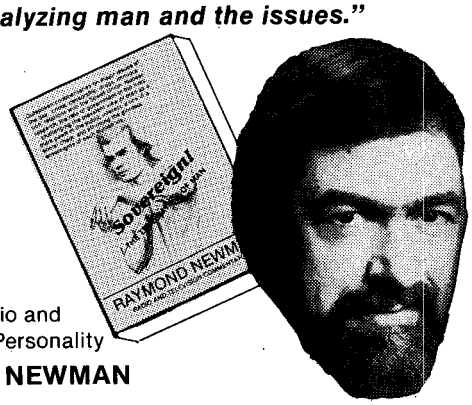

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There is a better solution. That solution is direct democracy, the form of government wherein the people keep unto themselves the power to make the laws. Switzerland has had this form of government for 700 years. While nearly all the rest of the earth's nations have muddled through wars and depressions, the racially and religiously differing Swiss have moved right along peacefully, making profits.

If we would protect our freedom from the chaos of a '30s-style depression, we had best amend our constitution to vest the power of legislation in the people, something Madison probably would have done 200 years ago had there been available the communications, transportation, and computers that we have today.

George Bourland
Concord, CA

Who Speaks For the Fetus?

Being a new subscriber, I did not participate in the recent reader survey, but reading the results in your Up Front column (Jan.) disturbed me. Because regarding abortion, *you asked the wrong question*! Your question was useless because it solicited a response to only the very opposite extreme of abortion on demand; it sidestepped the abortion issue entirely.

Even those of us who oppose *all* abortions know that in rare cases current medical technology is unable to save the life of the unborn child and to continue bearing the child would kill the mother. Though aborting the pregnancy is unavoidable in such unfortunate circumstances, it is still undesirable (most people would prefer that advances in medical science occur such that the lives of both individuals can be preserved).

Civil rights makes abortion an issue, not rare cases of self-defense. *Whose* civil rights is what the issue is all about. Asking if your readers would support or oppose banning all abortions doesn't produce any information—it merely confuses the issue. If you want to know your readers' views, ask: "Is the human fetus a living human being with rights separate from those of its mother?" The answer to this question determines how reasonable people must view the abortion issue.

Leland Hosford
Cedar Rapids, IA

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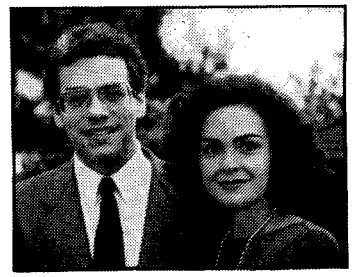

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About seven years ago, at a party, Nancy and I were introduced to a successful travel agent. We were excited to meet him. Both of us had dreamed of traveling worldwide but could never afford it. We'd also heard about the fat commission checks and free travel benefits in the travel business.

"I wish there was a way we could get involved in travel without having to start a travel agency," I said.

The travel agent smiled. "Perhaps I shouldn't tell you this," he said, "but you can now run a part-time or full-time travel business out of your home."

"What kind of an investment does it take?" asked Nancy, who had the unpleasant task of balancing our checkbook.

"It doesn't cost a dime," was his reply.

We couldn't believe our ears. "How can we find out more?" we both exclaimed.

The travel agent hesitated for a moment. Finally, he said, "All right, if you're really interested, I'll show you how you can do it."

I don't know why, but I suddenly found myself making excuses. "I don't have any experience," I said, "and besides, I'm really busy."

"I can teach you everything you need to know in a few hours. And in your own business, you can do as much or as little as you choose," was his reply.

Then, looking me straight in the eye, he said something that really shook me. "Look, Ben, a lot of people wish and want but never act. If you really want to find out more, be at my office tomorrow morning. If you're just a talker, I'll probably never see you again." And with that, he turned around and left.

That night, I tossed and turned a lot. I guess it was hard to believe that something this good could happen to us. I was skeptical, but I made the appointment...

To make a long story short, our lives were changed by what I found out that morning. As a result, for the past seven years, Nancy and I have made terrific income in travel. In fact, on just one trip we helped put together recently, we made more than my yearly salary used to be.

We've also met others who are quietly getting rich doing the same thing—people like Jerry, a former corporate executive, who is now making a fortune running his home-based travel business...or Elaine, a wife and mother of four boys, who, starting in her basement, has built a multi-million dollar travel empire.

In addition to money, the travel business offers tremendous benefits to those who are on the "inside." Nancy and I have enjoyed many expense-paid dream vacations. We've sunbathed on the beaches of the Caribbean, lain on the pink sands of Bermuda, and returned to the lush shores of Hawaii again and again. Imagine staying in a $250-a-night V.I.P. suite as a guest of the hotel and being wined and dined to your heart's content. We just couldn't believe all these wonderful things were happening to us! Of course, we've earned these benefits. But it has always been lots of fun and really quite easy—something anyone can do—something **you** can do!

Our friends couldn't believe it either. At first, they thought we'd inherited a bundle from a rich aunt. One friend, after picking us up at the airport from one of our Hawaiian trips, stopped the car and said, "I'm not taking you home 'til you tell me how you're doing this." As the word spread, more and more friends began to ask questions. We really couldn't blame them—they also wanted to enjoy more money and free travel. But their questions and our answers were taking too much time. That's when we finally decided to organize our knowledge and experience on paper.

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What Do the Federales Fear?

Marty Zupan

This section of the law had never been invoked before. When it was invoked, it was against a large and growing minority. South Africa? No.

The law had to be stretched and twisted by a government functionary to apply to the case at hand. The Soviet Union? No.

The law was used to clamp down on a media organ that the government claimed had grown too powerful. A South American military dictatorship? No.

Unfortunately, we're talking about the United States and a little-remarked case that shows how inimical to the liberty of a free people is the government's power to regulate broadcasting.

In January, an administrative law judge at the Federal Communications Commission ruled that the broadcasting licenses of 13 Spanish-language stations around the country could not be renewed. Judge John H. Conlin decided that the stations should lose their licenses because they are illegally controlled and influenced by Emilio Azcarraga, a Mexican "media baron." What's illegal about it? Well, here's where the stretching and twisting comes in.

Federal law limits foreign ownership of domestic TV and radio stations to 20 percent. Conlin admitted in his ruling that Azcarraga has not bumped up against that limit. But his honor didn't like the situation anyway. "The groundwork has been laid," Judge Conlin charged, "for an enterprise that would be receptive to, and indeed, dependent on influence and direction from non-U.S. citizens and foreign corporations."

The heart of the issue here is not the precise determination of whether the 13 stations are or are not "too controlled" by a Mexican national who has made a success of broadcasting ownership in his own country and then in ours. Azcarraga also controls the Spanish International Network, which supplies programming to those and a host of other stations, much as the major US networks supply programming to their affiliates across the country. SIN reaches some 80 percent of the nation's Latino community. This supposedly alarming situation is also discussed in the judge's ruling. So it's pretty clear that it's this whole ball of wax that's sticking in the FCC's craw, and not 20 percent ownership of particular stations.

Now Congress made the law, of course. For a people who so jealously guard freedom of the print media, we've been remarkably tolerant of government meddling with the broadcast media. However much the federal government has loosened its grip on broadcasting—and it has done a great deal in the last few years—the basic premise remains: the government must regulate broadcasting. And that inevitably means that government has the power to control what comes out of our TVs and radios.

The FCC, and others, will protest that this case is simply a matter of ownership, not of content. An FCC lawyer questioned about the ruling said that the stations were given plenty of opportunity to "reorganize" to avoid the problem. But if it's not content they're worried about, why care about the nationality of the ownership? Why the 20 percent rule in the first place if there's not some lurking suspicion of what "they" might be broadcasting to gullible citizens if "they" gain too much control?

In fact, in the wake of the ruling a lot of stations are bound to scramble to adjust their programming to meet the apparent wishes of the FCC. And that's the insidious result of allowing the government to have say-so over broadcasting. That's why Rep. Robert Garcia (D-N.Y.) is worried that the ruling could mean "a new Anglicized era in Spanish broadcasting" and observes pointedly that the FCC's action calls into question the issue of "control of this very important medium in the United States." Indeed. Perhaps he can get the rest of the Congress to consider that the people should be trusted with their liberty. ◻

Tax and Spend: Lowering the Boom?

Robert W. Poole, Jr.

As you sit down to figure out your income taxes this April, brace yourself. Because the campaign to soften you up for yet another whopping tax increase is shifting into high gear.

Everywhere, you hear denunciations of the "mindless havoc" being wrought by the Gramm-Rudman attempt at controlling federal spending. "Spending has been cut to the bone," they bleat, echoing the rhetoric of the most profligate Congress in 200 years. Yet after all the alleged cutting, we taxpayers are still footing the bill for a $23-billion-per-year program of farm subsidies, a massive new pork-barrel water projects bill, a bloated and untouchable Social Security system, and scores of special-interest subsidies.

So since Congress *will not* cut spending

in any meaningful way, the push is on for new taxes. The most popular proposals are a new tax on oil or gasoline and/or a consumption tax. Proponents of the former argue that, with oil prices dropping, an extra few dollars a barrel in taxes (or 25-50 cents a gallon at the pump) will never be noticed, making this an "ideal" way to raise revenue.

Proponents of consumption taxes have the same end in mind but are not so straightforward in admitting it. Under the name of VAT (value added tax) or its newest *nom de plume*, business transfer tax (BTT), a flat percentage would be assessed on the increase in value of goods at each stage of production. From the tax-and-spend crowd's standpoint, such a scheme makes it easy to increase revenues ever further, since the tax remains hidden in product prices.

One need look no further than Europe to see what politicians will do when handed such perfect implements. During the past two decades, the tax take in Europe has soared to unheard-of proportions of GNP. At the same time, Europe's economies have stagnated, with net new job creation at virtually zero over the past three decades, while America was creating *42 million* new jobs.

What the advocates of new taxes are overlooking is the coming of age of the Baby Boom generation. By now, the grim fortunes of the Baby Boomers (despite a small group of affluent Yuppies) have begun to be acknowledged. Today's typical young family, in which *both* adults work, takes home two percent *less* after taxes than the typical young family of 1961 in which just the husband worked.

The biggest single reason for the declining fortunes of the Baby Boomers is taxes. For households in the 25-34 age group, the tax take in 1960 was just 10 percent. By 1982 it had soared to 23 percent.

Our tax-and-spend politicos obviously have not yet felt the political implications. There is, after all, no Boomer-PAC making campaign contributions to those who vote to *cut* farm subsidies and Social Security—at least, not yet. But do not underestimate the potential clout of this generation. Some *75 million* people were born between 1946 and 1964. By the next presidential election, they will constitute a majority of the electorate. Once they begin to see how they've been screwed by the politics of tax-and-spend, there could be some very rude awakenings in Washington.

And there *are* alternatives to balancing the budget on the back of the taxpayer. The Heritage Foundation recently released a program-by-program analysis of the federal budget, showing how to cut $122 billion in fiscal 1987 alone—more than three times what's called for by Gramm-Rudman. And a Reason Foundation study suggests a feasible way to package an even larger first-year cut of $147 billion. The key is to invert the normal log-rolling process, by which an urban member of Congress votes for farm subsidies in exchange for the rural member's vote for urban subsidies. By packaging cuts in generic groups—say $29 billion in rural subsidies balanced against $27.5 billion in urban and middle-class subsidies—each representative can tell his aggrieved constituents that the other guys lost their places at the trough, too.

The Baby Boom generation, with its distrust of big government and cynicism about politics, might just go for it. Especially when the only alternative is still more of the tax increases that have already cost this generation much of its place in the sun. Seventy-five million of us will be watching to see if the old men in Washington figure this out in time. ◻

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brickbats

Set 'em up, Uncle Sam. An appeals court has ruled that the federal government cannot be sued for a fatal motorcycle crash caused by a minor who was served liquor at a California military base. The court ruled that only the holder of a state liquor license can be sued for serving liquor to an obviously intoxicated minor who caused a crash. The federal government is exempt from state liquor licensing.

A 16-year-old muscular-dystrophy victim who may have only a short time to live has pleaded guilty to playing hooky. Education officials in Columbus, Ohio, say he could be removed from his home because his mother tolerates his truancy. Michael Flynn says he'd rather spend his time with his family than in school. Doctors told the youth four years ago that he had two years to live. His father died of muscular dystrophy in 1977. David Schiff, a school attendance officer, intones, "I can empathize with Michael, but it seems like he should try to improve his mind." Michael counters that considering his family history, "I don't feel I'll live as long as everybody thinks."

Don't feel too sorry for retired California public employees struggling to make do on meager pensions. At the new Public Employees Retirement System building in Sacramento, visitors are greeted by receptionists at $4,750 desks, wait in $2,000 love seats, and glance at magazines placed on $2,000 granite-topped coffee tables. Altogether, the fancy furnishings for PERS offices in the $72-million building cost about $450,000. PERS provides retirement and health benefits for 750,000 state and local government employees.

The snobs are at it again. The same people who complained that roof-top TV antennas would mean the aesthetic downfall of civilization are now concentrating their forces against satellite dishes. A Vermont state senator has proposed a bill to require that new dishes be invisible from highways, or be covered with wire mesh, or painted in dark colors to blend with natural surroundings. Oddly enough, an official in the state Department of Community Affairs is on the side of freedom this time. William Mitchell notes that many Vermonters live in "dead zones" for TV reception. "If I had the money, I'd buy a dish," Mitchell says. "When everybody has them, they'll be accepted. The restrictions on dishes are a snob issue. An awful lot of zoning is."

Register statists, not spray paints! As a way of combatting graffiti artists, Cleveland City Councilwoman Artha Woods wants hardware stores to register anyone who purchases spray paint. The books will be available to the police, of course. The working stiff who buys the paint for his backyard lawn furniture is the one to bear the brunt of this law. But why stop with paint? How about a law requiring registration of toilet paper to help wipe out the teen-age prank of "wrapping" houses and yards, another heinous crime against humanity?

Poetic Justice Dept.: A strike by 12 researchers and clerks against the AFL-CIO was honored by more than 400 other union employees who stayed off the job in solidarity. The strikers, several of whom hold graduate degrees but earn only an average of $16,000 a year, want parity with other workers at union headquarters. The big union's main office building in Washington was staffed only by management during the strike. AFL-CIO spokesman Rex Hardesty, who spends most of his time bashing corporations, crossed the picket line. He says those workers who honored the strike would be docked a day's pay. Spoken like a true robber barron.

Someone at the Chicago-area Anti-Cruelty Society must have swallowed the Congressional Record before designing its pet adoption form. The four-page application includes questions designed to make the most ardent animal lover sorry he ever saw that puppy in the window. "Do you intend to let your animal exercise outdoors? Where will your dog be kept when it is left alone? Are you planning to move soon? What is the name of your vet?" And the ultimate in investigatory techniques. "Finish this sentence: I decided to get a pet because. . ." (Hint: "to perform medical experiments on it" is the wrong answer).

—Mark Edward Crane

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trends

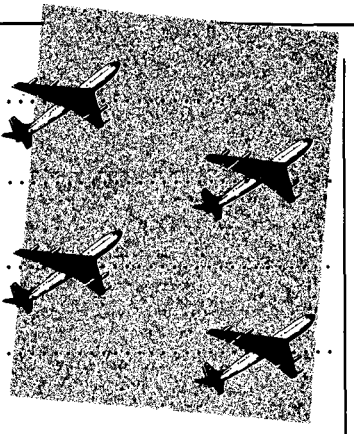
Slots Happening in Major Airports

The government restricts the sale of numerous valuable properties—mescaline, sexual favors, krugerrands, and federally designated wilderness areas, to name a few. It also restricts the sale of airport takeoff and landing rights, preferring to allow committees composed of airline officials to ration scarce landing slots at the nation's airports. As a result, those who value the slots the most don't necessarily wind up with them, and passengers pay the price in delays and inconvenient flight times.

But transportation bureaucrats are finally beginning to see the light, thanks, in part, to years of gentle prodding from articulate advocates of free-market efficiency. The Department of Transportation has announced that beginning April 1, airlines will be allowed to buy, sell, lease, or trade slots at the phenomenally busy La Guardia and JFK airports in New York City, Chicago's O'Hare, and Washington's National Airport.

By that time, 95 percent of the slots will be allocated to airlines that now enjoy landing rights and to international flights and small local carriers. (Slots owned by the latter two may not be sold.) The remaining 5 percent will be allotted by a lottery system in which new carriers will receive preferential treatment.

The DOT action is designed to "increase the range and efficiency of airline services to consumers," according to the agency. Indeed, William Niskanen, formerly a member of the president's



Council of Economic Advisers, has predicted that buying and selling slots "most likely [will] lead to a reduction of fares." Analysts expect brisk trading of slots, as takeoff and landing rights at peak travel times may go for as much as $250,000.

Kudos for the DOT action came, surprisingly, from the *New York Times*. In fact the *Times* scored the agency for not going far enough. "If slots are valuable property," challenged the sages of 43rd St., "why give them away? Why not auction landing rights the way Uncle Sam auctions mineral rights?" A good question for Department of Transportation analysts to keep in mind as they assess the results of this four-airport experiment in property rights.

Researchers Round Up Immigration Facts

Concern about too many Mexicans immigrating into the United States is widespread and has led to recently defeated but not-yet-abandoned reform—tightening up—of this country's immigration laws. The worries are by now familiar: immigrants undermine the economic position of native workers by reducing wages and increasing unemployment; immigrants drain public resources by relying heavily on government-provided social services for which they contribute little or nothing; and immigrants settle into uneducated, Spanish-speaking enclaves that tend to be isolated from the rest of American society. But several recent studies have unearthed facts that argue against these concerns.

In a recently released study from the Rand Corporation, a "think tank" in Santa Monica, California, two researchers reported on their 18-month examination of the effects of Mexican immigration in California, home to an estimated 1.2 million permanent immigrants from south of the border. Only 16 percent of California's Mexican immigrants work in agricultural jobs, note demographer Kevin F. McCarthy and economist Robert Valdez. The rest tend to be concentrated in low-skilled manufacturing and service jobs.

These immigrants, suggest the researchers, "may actually have stimulated manufacturing employment by keeping wage levels competitive. . . . By keeping costs low, slow wage growth enabled the manufacturing sector to maintain a better competitive position vis-à-vis foreign producers." The researchers found, moreover, that this slow wage growth has not erased the higher earnings of Anglo and black Californians relative to their counterparts in the rest of the country.

The same conclusion was voiced recently by Arthur Gundersheim of the Amalgamated Clothing and Textile Workers Union. Low-wage immigration, he told the *Wall Street Journal*, has probably prevented the southern California apparel industry from fleeing offshore.

In addition to boosting rather than dragging down employment levels, Mexican immigrants do not match one of the most widely held stereotypes—that a disproportionate number are on welfare. Rand researchers McCarthy and Valdez found that less than 5 percent of all Mexican immigrants were receiving any form of cash assistance in 1980. Furthermore, except for education, immigrants' tax contributions exceed the costs of the public services they use.

The pattern of Mexican immigration is actually very similar to that of earlier European immigrants, note the Rand researchers. Over 90 percent of the first generation of Mexican-Americans born in the United States are proficient in English, and the majority of the second generation speak *only* English. And while immigrants initially settle in barrios, subsequent generations "follow the traditional trail. . . from ghettos, barrios and little Italys to the suburbs."

Similar conclusions show up in two studies from the Urban Institute, a research group in Washington, D.C. One found "no evidence of an immigration-induced increase in unemployment in the Los Angeles metropolitan area, even with its high concentration of undocumented Mexican immigrants." Furthermore, "black workers, who potentially may be the group most seriously affected by a surge of low-wage im-

migrants, showed a general upgrading in their occupational status." The authors of the second study point out that even the employment prospects of black teenagers (the group with the highest unemployment rate in the United States) do not seem to have been hurt by immigration in the period from 1970 to 1982.

Stephen Levy, senior economist at the Palo Alto–based Center for Continuing Study of the California Economy, also found that Mexican immigrants have not thrown blacks out of work. Because the immigrants "have been absorbed," he told the *Wall Street Journal*, "the influx hasn't changed the pattern of unemployment."

Worries about the effects of alien peoples are as traditional in this country as the flow of those peoples to our shores. But in considering whether to use the long arm of government to allay those worries, it is useful for us as citizens to have the facts about immigration at our disposal.

Privatizers Do It in Public

Faithful REASON readers know that we've a special place in our hearts for privatization. Since the early '70s this magazine has preached and demonstrated the wisdom of contracting out or just selling to the private sector various services usually performed by government.

We're happy to note that REASON is no longer a voice in the wilderness. What was once "a gleam in the eye of a few free-market zealots," as the *New York Times* puts it, is today "generating enthusiasm from the Potomac to the Ganges."

Much of privatization's sudden stateside prominence is due to enactment of the Gramm-Rudman deficit-reduction act, which requires our lawmakers to reduce the mammoth federal deficit by $46 billion in fiscal year 1987. With Congress and the president unwilling to make significant cuts in many of the budget's big-ticket items—entitlements and military spending, in particular—our solons are examining, with unprecedented seriousness, the possibility of raising money for the Treasury by selling off chunks of the US government to private businesses.

The proceeds from the sale of various government agencies would make a sizable dent in the deficit. How's this for a garage sale? US Postal Service—estimated value $7.8 billion (probably much higher). Bonneville Power Administration and the Southeastern, Southwestern, and Western Area power administrations—$16 billion. Tennessee Valley Authority—$4 billion. Dulles Airport—$750 million. Washington National Airport—$2 billion.

Even if such sales aren't consummated this year, selling government properties is one new idea that's here to stay. And it has a powerful Reagan administration advocate in Office of Management and Budget Director James C. Miller III. Miller, notes *Newsweek*, is "dead serious" about selling off state assets, including the

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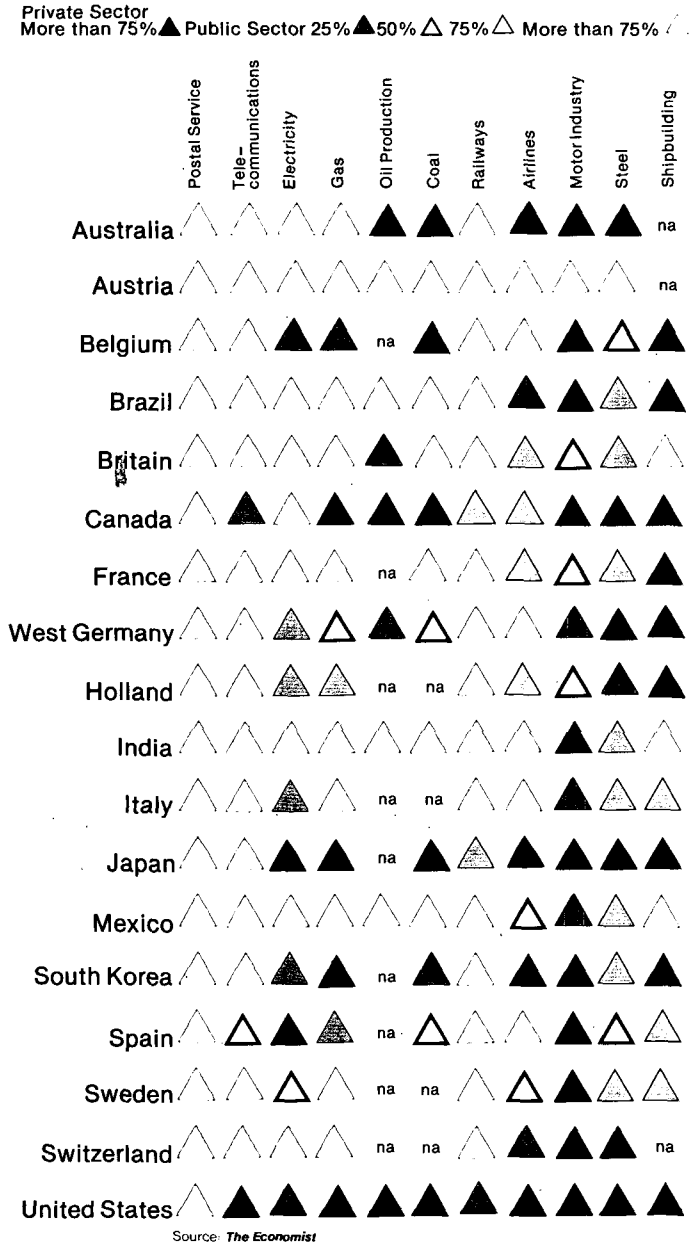
The extent of government-owned enterprises around the world: Postal service, railways, and telecommunications remain most resistant to the growing trend toward privatization.



Source: *The Economist*

Postal Service.

American politicos who worry that privatization is too "radical" a step to take without years of study, deliberation, etc., need only look out their back doors. For privatization is all the rage around the world, from Malaysia selling off its national airline to the Japanese government preparing to put its National Railways on the block.

Though the undisputed leader in the field is Maggie Thatcher's Britain (see "Buying Out of Socialism," Jan.), the most recent converts are the governments of Spain and Brazil. Brazil's new civilian President José Sarney has embarked upon an ambitious campaign to liberalize its economy, including the sale of 100 state-owned companies and the elimination of "unnecessary" government offices. Sarney's professed goal—to encourage the development of "a private sector freed from the chains of statism."

Meanwhile, the Socialist government of Spanish Prime Minister Felipe Gonzalez is busy privatizing industries that were nationalized decades ago by the late fascist dictator Francisco Franco. Among the businesses sold off thus far are the car-maker SEAT and the venerable travel agency, Viajes Marsans. More are on the block. As Gonzalez warns, in language not borrowed from Karl Marx, "The days of socializing business losses are numbered."

It's a measure of how far privatization has come that resident *New York Times* "humorist" Russell Baker recently lampooned this "marvy idea . . . for getting the Government out of *government*." Just a few blocks away, columnist James Ridgeway of the rad-chic *Village Voice* took respectful notice of privatization in a lengthy piece replete with quotes from such free-market champions as Stuart Butler of the Heritage Foundation and Fred Smith of the Competitive Enterprise Institute.

Privatization has seized center stage in the national political debate. It should serve as an antidote to politicians' tendency to say "Gramm-Rudman" and "tax increase" in the same breath.

More Pols, Parents Choose Educational Choice

Ten or 15 years ago, advocates of tuition vouchers and tax credits were a small but hardy band. No longer. From the federal level to growing private alternatives, more and more people are seeing the value of introducing real choices among schools for parents—if not to do away with the government's monopoly, then at least to improve the public education system with a healthy dose of competition.

Most of the national attention has focused on Secretary of Education William Bennett's proposal to give vouchers to parents of the 5 million students who now qualify for remedial aid. Yet Bennett's plan, which will almost certainly die in Congress, is tepid stuff compared with what's happening in those laboratories of democracy, the states.

National Journal reports that "such controversial proposals as tuition tax credits and education vouchers, which have gone nowhere in Congress, are hot topics in many state legislatures." In fact, the *Journal* speculates that attempts to ensure choice "may be the second wave" of educational reform kicked off at the beginning of the '80s.

In 1985, tuition tax credit bills were introduced in 15 states. None passed, but several states, including Colorado, South Dakota, and Minnesota, have enacted a kind of voucher plan in which students can transfer out of their assigned public schools and into others. The American Legislative Exchange Council has put out model education laws that include proposals for both tuition tax credits and vouchers. And the National Governors' Association has a task force studying "parent involvement and choice"; on its staff is Joe Nathan, a former school teacher and, as *National Journal* describes him, "a vocal Minnesota education choice advocate."

Minnesota is widely re-

garded as the cutting edge in the push for educational choice. Tuition tax credits or deductions have been offered to Minnesota parents for years, and their constitutionality was upheld by the Supreme Court in 1983. Last year, Gov. Rudy Perpich proposed an "open-enrollment" plan, which would allow 11th and 12th graders, and eventually all students, to enroll at any public school in the state. He also put forth an "early-exit" plan, in which public high-school students would be able to enroll at public postsecondary schools.

Perpich's proposal drew wide support—as well as opposition from two powerful teachers' unions, the National Education Association and the American Federation of Teachers. The bill was eventually killed, but in a move indicative of the persistent support behind it, Perpich's early-exit proposal was revived in the state legislature and broadened to include *private* as well as public postsecondary schools. The modified proposal became law, and nearly 1,500 Minnesota high-schoolers are now enrolled in classes at public and private colleges and universities.

Of course, while the legislators debate, a lot of parents can't wait. Worried about falling test scores and other deficiencies of the public schools, they are turning to a growing number of franchised education outlets to supplement their children's education. Included in the growing list of such franchise businesses are the American Learning Corp. (based in Huntington Beach, Calif.), Huntington Learning Centers, Inc. (Oradell, N.J.), and the Sylvan Learning Corp. (a division of Kindercare based in Bellevue, Wash.). Sylvan already has 197 centers nationwide and plans to open 100-135 more franchises per year for the next five years, as well as company-operated centers.

And the next move may be franchised full-scale private schools. Two ambitious entrepreneurs are busy running their own private, for-profit schools. Ronald Pisaturo is cofounder and president of American Renaissance School, Inc., a proprietary school in White Plains, New York, that teaches gifted, as well as bright but unmotivated, high school students. Robert G. Evans is founder of R. Evans & Associates, Inc. (REA), which owns and operates the Reid School in Petaluma, CA. In REA's program, which includes children with behavioral and academic problems, students are taught only what they're ready to learn and must master each step before moving to the next. After only nine months, claims Evans, a student's reading level can be boosted by six years.

Both Pisaturo and Evans are working on expanding their operations. Pisaturo wants to increase enrollment and open more schools. Evans plans to franchise his schools; he expects to open three more in the Los Angeles and San Francisco areas by fall. According to *Venture* magazine, Pisaturo and Evans believe that their schools provide "the last refuge of students, parents, and teachers whose needs aren't met by public institutions."

One way or another, it

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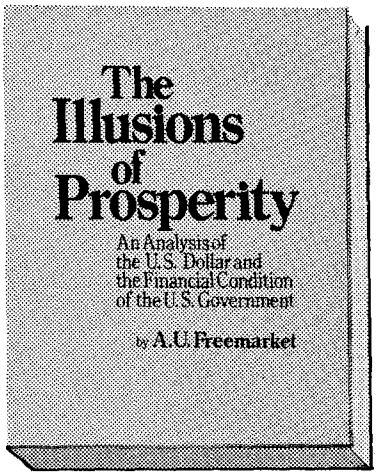
—A.U. Freemarket



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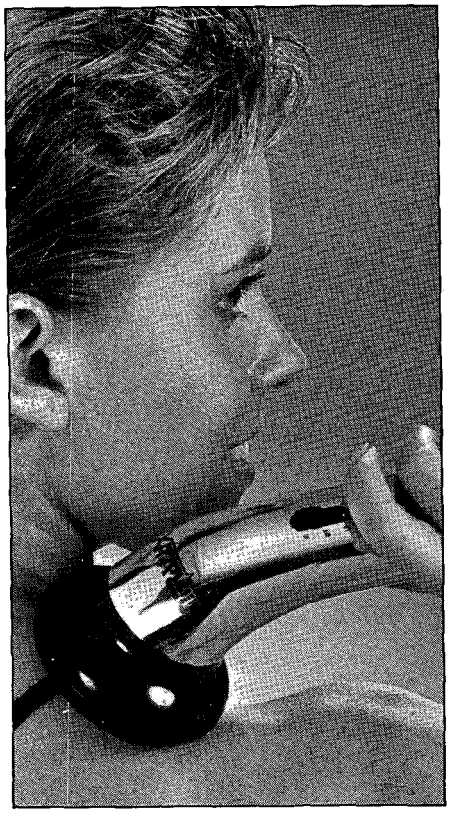

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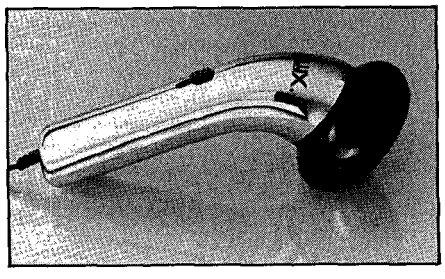

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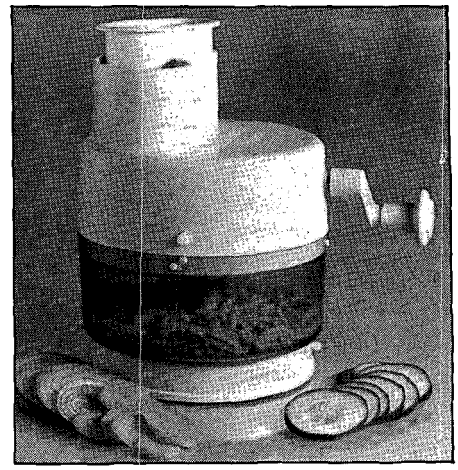
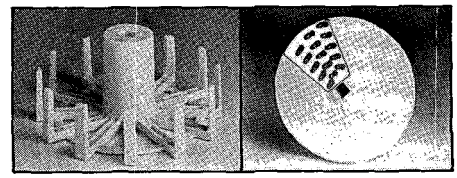
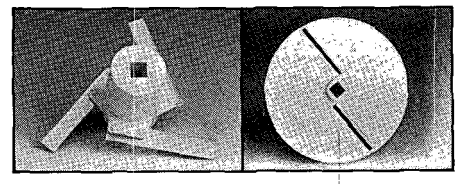
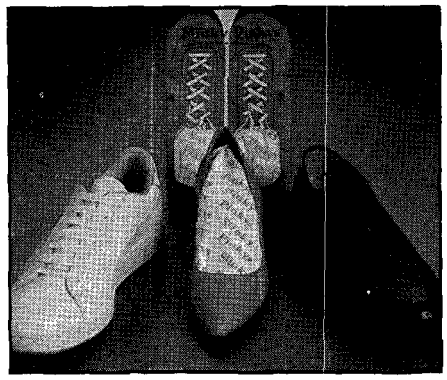
The convenience and compactness of this non-electric hand food processor impresses even the most accomplished cook. You'll quickly see why it's called *The Handy*. The Handy doesn't take up a lot of counterspace, like its hefty electrified cousins. It doesn't intimidate people with the velocity of its whirling blades. It isn't a hassle to wash. It stores readily in a minimum of space. Yet — and here's the best part — it does the same basic things that a full-size processor does at a very down sized price. Slices beautifully, evenly, thinly. Minces onions, garlic, vegetables for stuffing. Mixes and whips eggs, cream, and dressings. Shreds cheese, potatoes, cabbage. Easy turn crank handle gives direct control of speed and consistency. Suction lock holds base to countertop. Four-cup capacity work bowl, extralarge input chute with pusher. Comes with four blades for mincing, slicing, grating and whipping. Made of tough high impact plastic with metal shafts and blade edges. **$29.00** ($5.95) #A1521. The Handy is especially handy for second homes, crowded apartments, campers, and anyone who appreciates convenience.



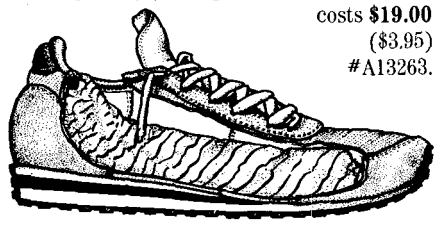




STINKY PINKYS

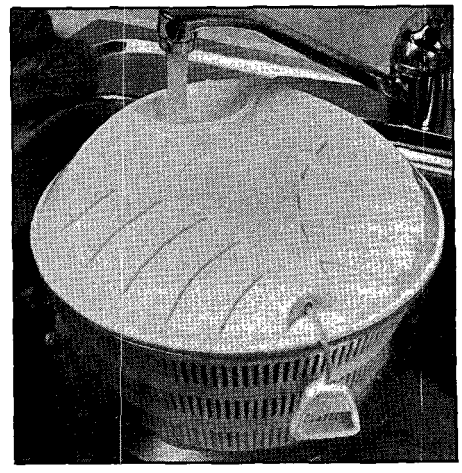


Fortunately, human anatomy is arranged so the nose and the feet are separated by the greatest possible distance. Even so, the twain do occasionally meet — and the nose is usually not delighted to know of the foot's exertions. Now just put a Stinky Pinky "sock" in each shoe and overnight odor is gone, absorbed by the special blend of all-natural earth materials. Works in running shoes, sneakers, boots, leather shoes, anything that goes on your feet. And keeps on working, too — just put Stinky Pinkys out in the sun for a day every three months or so to restore their odor-catching ability. Three pairs of Stinky Pinkys, enough for 6 shoes or boots, costs **$19.00** ($3.95) #A13263.



SPIN WASH, SPIN DRY

The Jet Spin Washer/Dryer for salad greens and vegetables does a better job with a minimum of effort in less time than any other method of preparation. As the stream of water hits the spinning inner basket, it bursts into spray, giving the contents a good drenching before being carried off by centrifugal action. Flywheel action keeps basket spinning easily. Turn off the faucet and with a few more tugs the remaining water spins away, leaving you with crisp clean salad greens, so dry they are positively perky. Also works for fruits and vegetables. **$20.00** ($3.95) #A1520.



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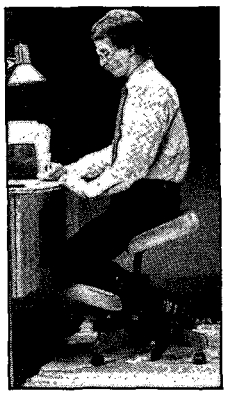
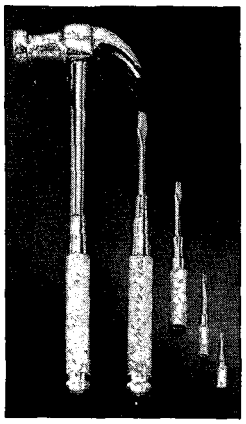


Backless "Back" Chairs have solved the age-old problem of proper seating, aligning the body on its natural axis so that sitting does not stress spine or back muscles. The redistribution of body weight is dramatically more freeing, natural, comfortable. But until now you had to give up mobility to sit this intelligently — these chairs were unidirectional and if you needed to change orientation you had the awkwardness of moving the whole chair. Finally it swivels! In its brand-new swivel incarnation, the Back Chair is suited for use at any work station, desk or table. The reinforced oak 4-star base has commercial-quality dual-track casters for easy manueverability over carpets or floors. Effortless swivel action. Manual height adjustment. Gray poly-cotton fabric over plush cushion. This is a new twist on a good idea and until you use it you don't know how relaxed and productive you can be sitting down. The price is a nice turn too, only **$69.00** ($11.95) #EVA1337. Minimal assembly.

THE FIRST ESSENTIAL



Hammer and screwdriver are civilized man's most indispensable tools. The problem is how to assure their availability in all those daily circumstances when we need such tools of persuasion. The 6-in-1 hammer is perfect for pocketbook, briefcase, office drawer, car glove compartment, dorm room — anyplace where you would be glad to have tools but don't have a toolbox. It's only 8" long, and weighs under 8 oz. Includes claw hammer head, 4 sizes of screwdrivers nesting inside handle. Knurled solid brass handles, tempered steel blades. **$9.00** ($2.95) #A1517. It's a great way to begin a tool collection.

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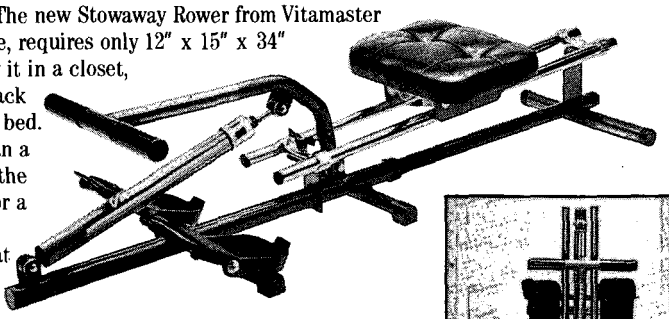
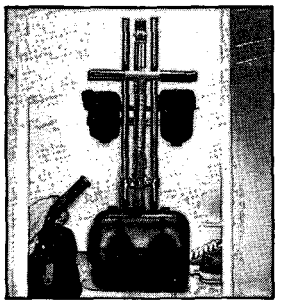
Rowers require elbow room. But when the workout is over, why have your home looking like a health club? The new Stowaway Rower from Vitamaster slides shut after use, requires only 12" x 15" x 34" storage space. Stow it in a closet, behind a door, in back of a couch, under a bed. Takes less room than a suitcase, packs all the quality you need, for a first-class workout. Padded contour seat with nylon roller riding on chrome rails for comfortable quiet rowing action. Single rowing arm with hydraulic tension resistance, 12 dial-adjustable settings, from ladylike to linebacker strength. Hefty tubular steel construction. No-Mar foot pads protect floor or carpets. Fits nicely in a budget, too, only **$99.00** ($11.95) #VMA1522.





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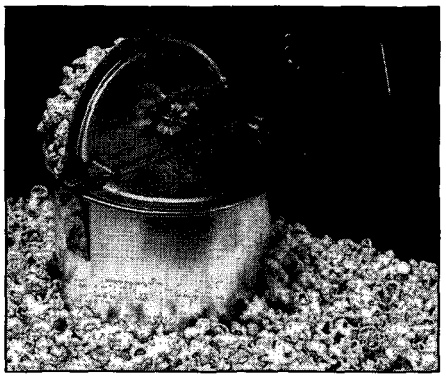

Most electric and hot-air poppers "puff" the corn more than they "pop" it, leaving it tough with hard centers. This flat-bottomed stove-top popper reaches 475° (electric poppers typically operate at 350°) and pops full in two minutes with 4 quarts of the best popcorn you ever tasted. Stirring paddle with through-the-handle crank virtually eliminates burnt or unpopped kernels. Wooden handle for safe grip, two dump lids. Pop without oil for delicious diet popcorn, 325 calories per giant bowl. Produce tender, fluffy, old fashioned movie theater popcorn, **$25.00** ($3.95) #A1503. For taste-tempting flavored popcorn, a selection of 3 gourmet flavors — raspberry, praline and caramel — enough for 6 more gallons of popcorn, costs **$10.00** ($1.95) #A15043.

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looks like education in the United States is in for much-needed changes.

Now, the Sun Never Sets on the Russian Empire

More and more people are coming to realize that the Soviet Union, despite its revolutionary rhetoric, is a classic imperialist power. During the 1960s and '70s, when "imperialism" explained every action of developed Western nations and every problem in undeveloped former colonies, the Soviet Union was exempted from the paradigm, even as its sphere of influence continued to spread. Now, that's changing.

Seeing the USSR as an empire, argues REASON contributor Jack Wheeler, would make it possible for the US government to devise a less-militaristic foreign policy. And it sheds light on the various instances around the world where insurgents are fighting Soviet-backed governments—together, says Wheeler, they might be called "the second stage of post–World War II anti-colonialism." Since he developed these points in a series of articles in REASON, beginning with "How to Dismantle the Soviet Empire" (Nov. 1983), a number of respected journals of opinion have adopted this way of looking at the USSR and various hot spots around the world. And now a fascinating article in *Science* by Charles Wolf, Jr., dean of the Rand Graduate School, attempts to estimate the economic cost to the Soviet Union of maintaining its empire.

Wolf follows Wheeler in pointing out that there are not one but three distinct Soviet empires—the empire at home (the Ukraine, Georgia, and the 12 other subjugated socialist republics), the empire of contiguous satellite states (Hungary, Rumania, Poland, Afghanistan, etc.), and the USSR's far-flung network of alliances and client states in the Third World (Cuba, Angola, Mozambique, etc.). In determining the cost of the Soviet Empire, Wolf ignores the empire at home, which is largely a product of czarist expansionism, and concentrates on the latter two.

Wolf leaves aside most Soviet military spending and calculates the cost of empire as the sum of six components: trade subsidies,

global trends

The Tide Turns in Bangladesh

DHAKA—When Bangladesh won its independence in 1971, the new socialist regime nationalized virtually all industrial enterprises and financial institutions. Unfortunately (or fortunately?), corruption and gross mismanagement devastated the economy to such an extent that nationalization soon became a dirty word to all. The socialist regime was overthrown in 1975, and succeeding governments have proceeded to liberalize the economy.

The critical year was 1982, when far-reaching reforms, including widespread privatization, were implemented under a "New Industrial Policy." In the first year after enactment of this bold initiative, industrial output grew by 5.7 percent—quite a jump from the paltry 0.3 percent of the previous year.

The freer markets have worked wonders here, as REASON readers would expect. The ailing cotton-spinning mills were returned to their prenationalization owners. Each is now making a profit *and* selling yarn at a lower price than in the government-owned days. A whole new apparel industry employing hundreds of thousands of workers sprang up soon after private initiative was encouraged. Private profit-seekers have spawned a bustling engineering industry. Industries as diverse as jute twine and shrimp canning were started and grew to major volume. Exports of tea, tobacco, and hides have jumped several-fold.

The stock exchange has been rejuvenated, just a few years after the socialist government had decided to abolish it. New shares are floated all the time. And it's not the big dirty capitalists who buy them up—it's mostly small savers.

A plan to denationalize all but one bank and to permit private insurance and investment companies was announced in 1985. Pursuant to that announcement, two government banks have been sold off and several new banks and insurance and investment companies have sprouted in the private sector. Even the railways and electricity boards—government monoliths for centuries—are being privatized to root out inefficiencies.

The lesson from Bangladesh's first 15 years of independence is clear—capitalism is appropriate for poor countries as well as rich ones. This Third World country is finding the free-market model more attractive than totalitarianism.

—Tahsin Alam

Latin American Planners Finally Notice the Market

SANTIAGO, CHILE—The United Nations Economic Committee for Latin America and the Caribbean (UNECLAC), one of the most influential bodies shaping economic thought and policy south of the border, recently offered some unexpected criticism of its own long-standing pro-state politics.

For over three decades UNECLAC consistently promoted the view that the state alone should shape the economic structure of Latin American countries. The committee sponsored economists and public policy papers that were strongly interventionist, if not socialist or Marxist. Many UNECLAC scholars taught at major Latin American universities and occupied important government positions, which explains in part why successive changes of government and military coups have essentially failed to change the sequence of political events.

UNECLAC is thus probably the world's most successful disseminator of so-called development economics. This school of assorted interventionist theories holds that free markets may be appropriate for developed nations but are inappropriate

economic aid, military aid, export credits, covert and related activities above and beyond domestic repression, and the incremental costs incurred by the USSR's involvement in Afghanistan. Calculated in constant 1980 rubles, he finds, the cost has increased from 8.6 billion rubles in 1971 to 21.3 billion in 1976 to 42.2 billion in 1980, for an average annual growth rate of 16.3 percent. Over that same period, the ratio of this cost to the Soviet gross national product shot up from 1.7 percent in 1971 to 6.6 percent in 1980.

What does this all mean? Well, for one thing, that Soviet rulers are willing to spend many billions of rubles to maintain their empire. As Wolf observes, "the maintenance and continued momentum of the Soviet empire probably registers as one of the highest priority claimants on scarce resources, perhaps only second to the top priority claim represented by the demands of the Soviet military."

Whether economic difficulties—the Soviet economy has been stagnant for years—will force Soviet decisionmakers to some day reduce empire costs in order to keep consumers mollified remains to be seen. What's worth noting is that respected scholars like Wolf are dissecting the largest empire in the world, and academics, foreign-policy analysts, and journalists are coming to see the Soviet Union for what it is.

global trends

for poor countries, where underdevelopment renders economic agents unresponsive to world prices.

Now, however, UNECLAC is offering sober criticism of the state's role in the economy and welcoming greater participation by private enterprises in the development of Latin America. In one of the basic documents guiding the discussions of 100 Latin American economists and sociologists who met last year in Santiago, Chile, the committee declared that neither the state nor private enterprise alone can guarantee smooth and effective economic development. The last two decades, said UNECLAC, have shown that the institution's former position—that the *governments* of Latin America should be the sole engine of economic progress—was mistaken.

The committee now recognizes three political-economic strategies for achieving progress. In the first, the decisive agents are privately owned companies, especially the most dynamic and productive ones. The main task of government is to guarantee the functioning of the market, which is more efficient in allocating resources. The second strategy accepts government action as a decisive factor in resource allocation and income distribution. Private enterprise operates but does not have a dominant position in the economy. The third strategy integrates the most dynamic private enterprises with the state, as in the second, but extends participation in economic decisionmaking to labor unions, small businesses, and social groups. From this integration, rational criteria for development policies would emerge.

The latter strategy clearly retains the elusive goal of "economic democracy" via some modified form of planning. And UNECLAC will likely embrace this formula; ideas die hard. Nevertheless, the official advancement of formerly heretical views signals a shift toward free-market thinking that's occurring all over Latin America.

—José Italo Stelle

Bringing Property Rights Back to the Land of the Free

In the past six years, the Supreme Court has heard three cases resting on the Fifth Amendment to the Constitution, which bars governments from taking private property for public use unless the owner is compensated. At issue is whether local governments must compensate owners when the taking is indirect—as with land-use regulations that deny the owners' desired uses. Each case was dismissed on technical grounds, but with increasing signs that the Court is inclined to decide in favor of individuals' property rights. Now a fourth case has reached the Court, and observers say that this one may succeed in reversing the country's 50-year trend away from property rights.

The case involves three landowners in Davis, California. For eleven years they've tried to develop their 44-acre tract of land—but the local government won't let them. Back in 1975, the owners asked Yolo County to approve a subdivision for single-family homes. Even though the land was zoned for residential use, the county objected to the development proposal, claiming it was inconsistent with the county's plan for "sound and orderly" growth. The owners took the matter to court, arguing that the regulations were being enforced at their expense. They lost their case in the California courts, but the US Supreme Court has agreed to hear the case this term.

County officials assert their right to plan development and control growth and deny any constitutional wrongdoing. Environmentalists support this contention, but political columnist Dan Walters reminds us of the "darker side" of their argument. "Although no- or slow-growth activists wrap themselves in the cloak of environmental protection," he wrote in a recent column, "the use of land-use controls to stop development also creates racially and economically exclusive communities in which only those of a particular social class can afford to live."

There are other signs that a dramatic shift in regard for property rights is under way. Last fall, Harvard University Press published a hard-hitting book by University of Chicago law professor Richard A. Epstein, *Takings: Private Property and the Power of Eminent Domain.* (See Spotlight, page 43.) Allowing the government to take property without compensation makes private property subject to virtually any special-interest demand, notes Epstein. "Private property once may have been conceived as a barrier to government power, but today that barrier is easily overcome, almost for the asking." The remedy, he suggests, is a strict application of the Fifth Amendment.

If the Supreme Court agrees in the Davis case, notes columnist Walters, "it would dramatically alter the politics of land use... throughout the nation."

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Eric Martí

Reagan's Smutstompers

The folks who pledged to get government off our backs want to control what you watch on your VCR and read in your bedroom.

Filthy literature. . . is creating criminals faster than jails can be built.

—J. Edgar Hoover, 1970

J. Edgar Hoover died in 1972, but his ghost still haunts the Justice Department.

Attorney General Edwin Meese III has resumed the war on civil liberties abandoned after Hoover's death. Not since Hoover's time has an Attorney General denied, as Meese did during an interview with *U.S. News & World Report*, that criminal suspects should be presumed innocent because "if a person is innocent of a crime, then he is not a suspect."

A particulary pernicious part of the Justice Department's war on liberty is its campaign against "pornography"—which term it strategically uses to condemn everything from soft-erotica to violent S&M flicks. In this assault, the Reagan administration has chosen to undermine the most sacred right of a free people: the right to see and read what we like, unhindered by the whims of obscure regulators.

The Reagan administration has chosen a motley bunch as its shock troops against smut. Headed by Alfred Regnery, son of America's leading conservative publisher, Meese's smutstompers include not only seasoned veterans of right-wing trench warfare, but also radical feminists whose views are normally abhorred by the hard right. But though the crew may be motley, they share a common theme: a willingness to despise pornography with your tax dollars.

Even prior to Meese, the order of battle in the government's smut war was already formidable. Between September 1978 and March 1985, the FBI launched 2,484 investigations into pornography,

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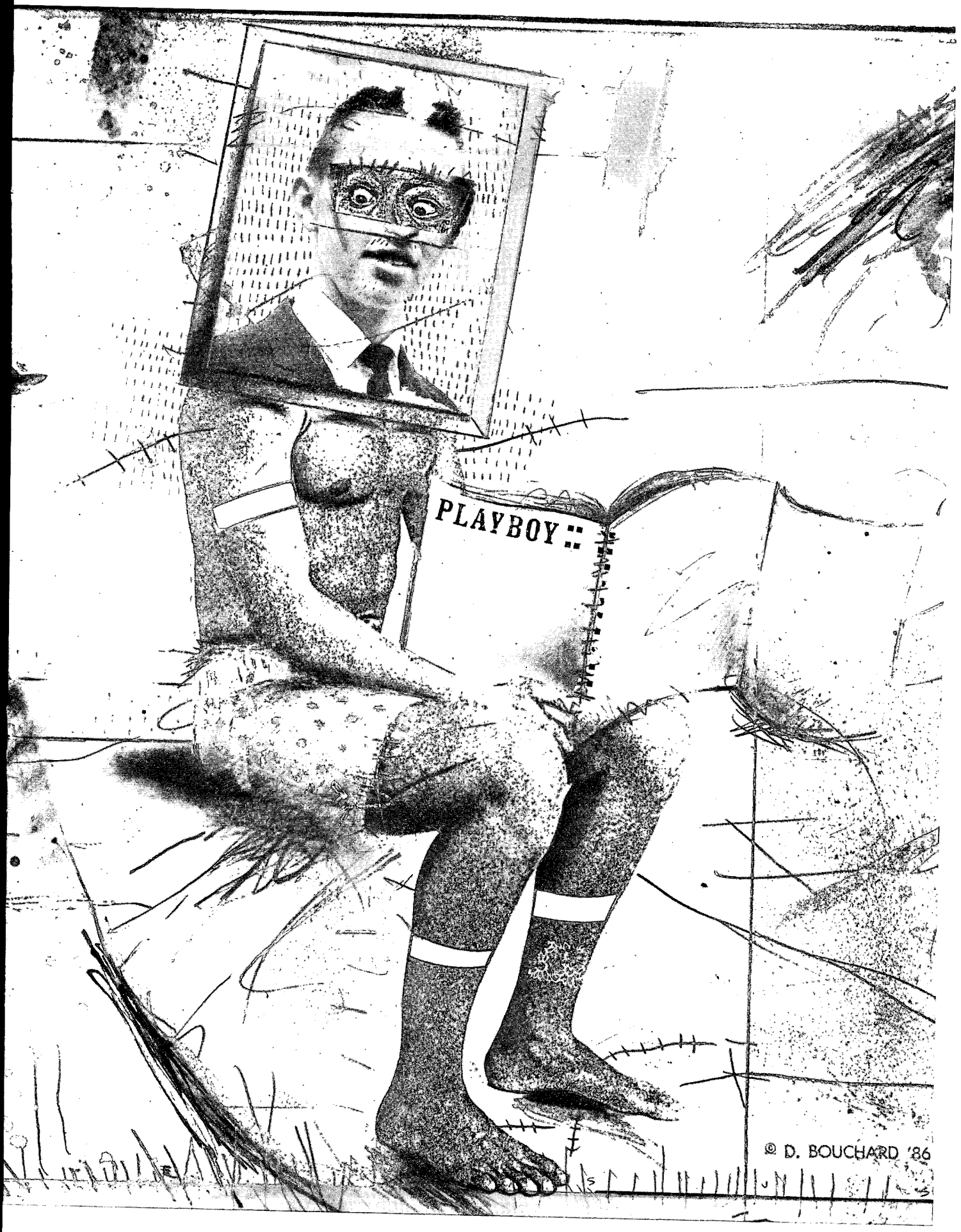
PLAYBOY
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resulting in 118 convictions and $7.1 million in fines and confiscated property. And the Customs Service in 1985 confiscated 3,725 pieces of sexually explicit material.

The national police forces have a huge battle to fight. The three largest erotic magazines—*Playboy*, *Penthouse*, and *Hustler*—were in 1983 the 14th, 17th, and 57th largest magazines in America, with a combined circulation of nearly 9 million. According to Lester Baker, president of the Adult Film Association of America in Las Vegas, Americans rented or purchased X-rated videocassettes 65 million times in 1984 and saw adult films at about 650 theatres. The cable Playboy Channel is broadcast to approximately 720,000 homes.

But does all this erotica and pornography cause rapes, child abuse, and the like? That's what Reagan's smut-stompers would like to prove—so much so that they are resorting to faulty logic, biased research, and ill-conceived public hearings to manufacture a "scientific" case against pornography. It makes one wonder whether Justice Department bureaucrats are trying to wipe out porn because they believe it causes crime—or if they're trying to prove the porn-crime link because they want to wipe out porn.

The Reagan administration's war against pornography began, like most wars, with a minor incident. On May 23, 1983, the drive-time talk show on WRC radio in Washington, D.C., featured a most unusual guest, one Dr. Judith Reisman, described by talk-show host Patrick J. Buchanan as having broken "one of the greatest scandals in medical history in this country."

Reisman charged that, in the 1940s, pioneer sex researcher Dr. Alfred Kinsey had routinely practiced the "vicious genital torture of hundreds of children." And Kinsey had acquired all of his evidence about child sexuality, she said, from "one old man who was 63 years old who had sex with 800 children."

"But that's...a preposterous absurdity," Buchanan said on the air.

"Of course it's preposterous," Reisman replied. "There was a great deal of covering up going on there [at the Kinsey Institute]."

If Reisman has any evidence against Kinsey, she has never published it. But this hasn't mattered to her supporters in the Justice Department.

That day in 1983, James Wootton listened eagerly to Reisman's radio performance. At the time a consultant to the Justice Department, Wootton later became deputy administrator of the department's Office of Juvenile Justice and Delinquency Prevention (OJJDP). He "called the show, talked to the producer, and asked if they had a way to get hold of Ms. Reisman," Wootton was later to state at congressional hearings into OJJDP activities. "They did. I called her, and asked her if she would come down. We talked....At the conclusion of our talk, I took her in to see Al Regnery."

Regnery is Wootton's boss at the OJJDP and the Justice Department's leading smutstomper. It was from this meeting that the war on pornography began.

Pornography research isn't the usual role of the Office of Juvenile Justice and Delinquency Prevention. This branch of the Justice Department has as its primary responsibility investigating the causes of and finding the cures for youth crime. But in Regnery, the office found a champion of porn "research."

Alfred Regnery has what is almost a classic résumé for a right-winger of his generation: chairman of the Wisconsin Young Americans for Freedom, chairman of the Wisconsin Conservative Caucus, and aide to Sen. Paul Laxalt (R-Nev.). Regnery became an associate attorney general in 1981 and assumed his current job in April 1983.

In July 1983, three months after Regnery came to head the OJJDP, his top aide, Robert O. Heck, announced at a planning conference his concern about teenage suicide, adolescent pregnancy, and "infants as young as nine months proported (*sic*) to have been discovered hospitalized, suffering from venereal disease of the throat." All added up to "something seriously wrong psychosexually between today's women and men," Heck declared. "Whatever the problem may be, it is documented as growing and spreading in both virulence and social normalcy."

In short, Heck had discovered a Social Problem. And like all social problems (real or imagined), this one was to suffer the time-honored prescription of the bureaucrat—federal funds. Heck proposed to spend $5 million over two years to "scientifically identify and define 'pornography' and its variable effects upon adults and juveniles." The Reagan administration's war on porn was off and running.

Of the $5 million, $1.6 million is known to have been spent so far. Nearly half of it—$734,000—went to Judith Reisman, of dirty-old-man-Kinsey fame.

Reisman is not an objective observer. A former producer and writer for *Captain Kangaroo*, her first writings on pornography appeared in the New York University *Review of Law and Social Change* in 1979. Free speech, she charged, is "contemporary folk mythology....Every sponsor...of every page of magazine copy, foot of movie film, inch of videotape, second of recording time, of each billboard, of every ad which uses a female as a sexual object should be required to provide equal time and space for uncensored responses."

Reisman followed this with an interview in the censorship anthology *Take Back the Night* (1980), in which she described the owners of *Playboy*, *Penthouse*, and *Hustler* as a "triumvirate of sexual fascists...who are every bit as dangerous as Hitler, Mussolini, and Hirohito, the political fascist triumvirate of World War II."

Then, after meeting with Wootton and Regnery, Reisman applied for a Justice Department grant. Her confused application proposed all sorts of experiments for her requested $800,000. Using as documentation such journals as *Women's Day*, *Ladies' Home Journal*, and the UCLA alumni magazine, Reisman said she would establish federal standards for defining pornography. She would also have dozens of experts read hundreds of pornographic magazines to assess "anti-social behavior" and hire actors to produce "approximately twenty visual displays" of "violence" and "sexual explicitness" in order that the numerous experts on retainer could assess the tableaux's "pornological" content. All this, Reisman explained, was necessary to create "scientifically verifiable definitions of sexually explicit media" for judges interested in determining whether a given piece of pornography can be considered obscene.

OJJDP auditor Pamela Swain examined Reisman's grant application. She reported that Reisman's research could be done for $60,000—*8 percent* of the requested funds.

Swain was overruled, and Reisman received her grant in December 1983, having been "peer reviewed" by a Michigan state policeman, an FBI agent, a Jacksonville cop, and a retired cop from Los Angeles. Only one person in a similar field of study reviewed Reisman's research—Ann Burgess, a professor at the University of Pennsylvania's School of Nursing. And Burgess was hardly an objective observer: she herself had received $840,000 from Regnery's office to research evidence of pornography be-

ing used by child molesters and serial murderers, and Reisman, in her original grant application, had promised to share her information with Burgess.

In August 1984, after several unflattering reports in the press and continuing congressional pressure from then-Rep. Ike Andrews (D-N.C.) and Sen. Howard Metzenbaum (D-Ohio), the Senate Juvenile Justice subcommittee held hearings to review controversial grants made by Regnery, of which Reisman's was the most prominent. By this time a research (nonteaching) professor at the American University School of Education, Reisman had scaled back her plans in order to concentrate solely on the cartoons in *Playboy*, *Penthouse*, and *Hustler*, in the belief that such cartoons may encourage sex crimes. "The cartoon scenario is the common setting in erotica/pornography within which the breaking of sexual taboos first appears," Reisman told the subcommittee.

When Sen. Arlen Specter (R-Penna.) asked James Wootton why Regnery's office had awarded Reisman's lavish grant without having solicited bids from other researchers, Wootton had a simple answer: "Senator, you know that when you go to get a lawyer, you do not always pick the cheapest lawyer.... You pick the lawyer that you want."

"When I go to pick a lawyer," Sen. Specter replied, "I am a private citizen, and I can choose anybody I want, because I am spending my own money. You are not. You are spending the government's money." As a result of the Reisman affair, Congress passed a law in 1985 that the OJJDP be required to make all grants competitive and subject to prior peer review. Yet Reisman's research has continued, even after Sen. Metzenbaum discovered that $153,083 of the grant was used to "revise design of the study and respond to numerous requests from the press."

Regnery has not funded any more pornography "research" on the scale of Reisman's or Burgess's, but his smutstompers have begun to use their dubious conclusions. And Reisman has gone on to cement ties with New Right groups fighting sex education. For example, the National Council for Better Education in Arlington, Virginia, has been busily collecting sex-education curricula it considers offensive and passing the results directly to Reisman. "We've got some really sick stuff, things you can't print in your magazine," NCBE associate director Beverly Eakman

Fact or Fabrication?

ONE of the major attacks on pornography cited by porn foes these days is Pornography: Its Effects on the Family, Community, and Culture. *Written by David Alexander Scott and released in April 1985 by the Child and Family Protection Institute (an affiliate of right-winger Paul Weyrich's Free Congress Research and Education Foundation), the report has already played a major role in the pornography debate.*

At a press conference launching the report, Sens. William Armstrong (R-Colo.) and Edward Zorinsky (D-Nebr.) issued a joint statement calling it "the only comprehensive overview of the research available on this topic. As a result of this study, much that was argued from belief or common sense, can now be argued from the data."

But there is a problem with Scott's data—in some cases, it doesn't exist.

For example, here is a passage attributed jointly to researchers Neil Malamuth, Edward Donnerstein, and Dolf Zillmann—who have never published a paper together—and published by Scott in quotation marks: "Pornography desensitizes. Exposure to these materials, whether violent or nonviolent, coercive or noncoercive, experimentally increases male aggressive behavior against women."

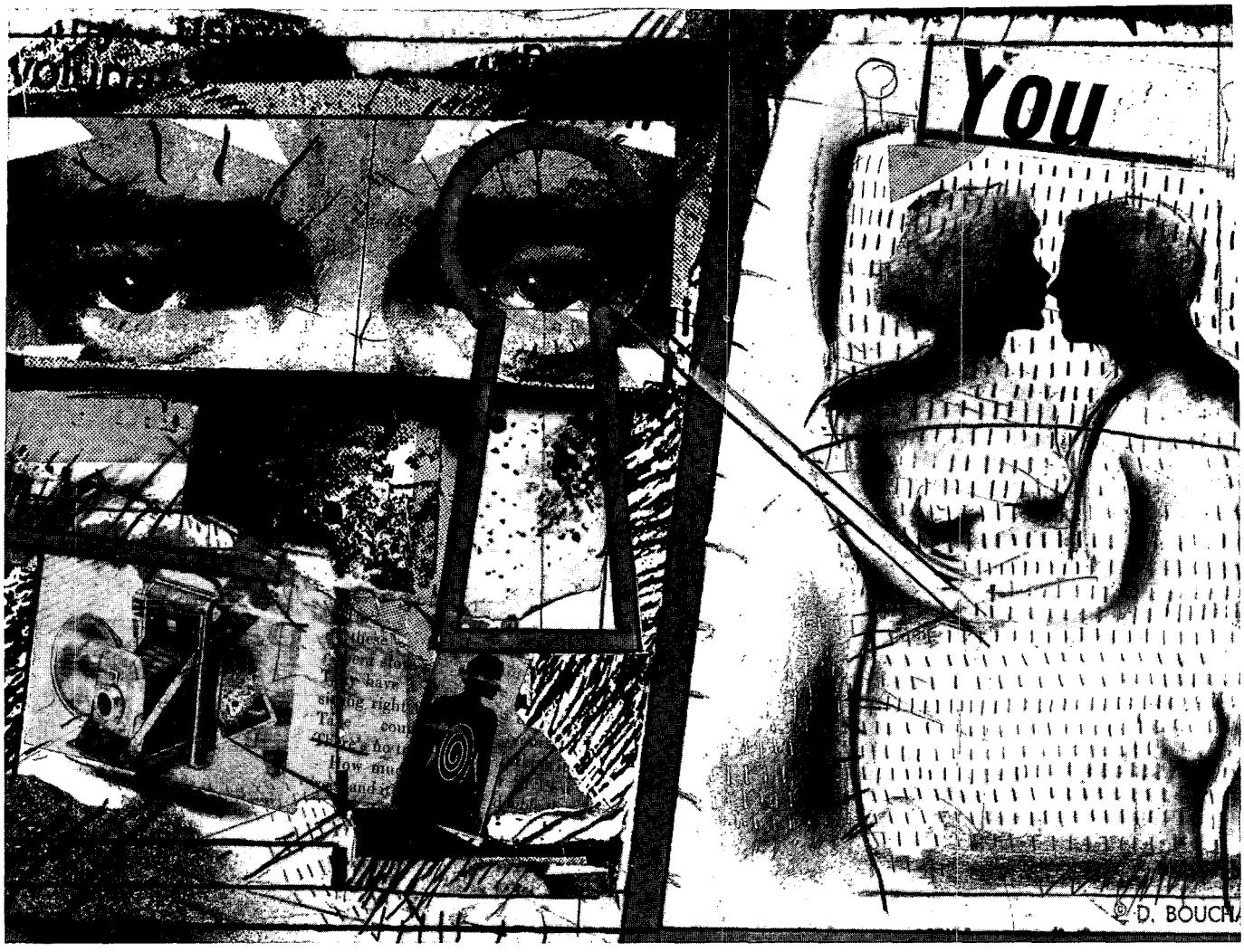
While Zillmann could not be reached for comment, both Donnerstein and Malamuth said in interviews with me that this passage did not appear anywhere in their work and that Scott seriously distorted their views. Malamuth says Scott's summary of his research is "absolutely false. He certainly misquoted me. I could sue him, but I don't think it's worth it."

Donnerstein says he has received letters from as far away as Australia citing Scott's study and that Scott "has footnotes in his work indicating research by me that doesn't exist." For example, according to Scott, Donnerstein and a colleague, Dan Linz, claim that "unpublished research findings" showed that aggressive men who watched two pornographic movies exhibited "less interest in love and affection as a motivation for sex." But Donnerstein says, "We've never done that research. We'd like to know who did."

Scott, an expatriate American psycotherapist currently running for the Toronto City Council in Canada, says he sent out his work for review, but he would not tell this reporter any names of scientists who reviewed his work. (Malamuth and Donnerstein say they never saw a copy before publication, although Scott says he sent them copies.) When I confronted Scott with Donnerstein's and Malamuth's criticisms, he denied there are any inaccuracies in his study.

Donald Mosher, a professor of psychology at the University of Connecticut who was a consultant to the federal government's earlier pornography commission in 1970 and testified before the present one, has prepared a 20-page critique of Scott's work. Mosher believes that Scott's study is "misinformation, an alloy of scant evidence with ideological bias." Mosher wrote: "To view pornography as dangerous is to equate exposure to expression as tantamount to license or causal impulsion to action—see evil, do evil. Such a logic would suggest that you should never see or hear or read images of the Nazi evil or you would become an evil Nazi."

—M.M.W.



recently told me. "The Justice Department"—Reisman, that is—"is particularly interested in material that describes sex to children."

It is clear that Regnery intends to fund Reisman—and other pornography researchers—for some time. An unpublished hearing report currently buried in the files of the Senate Juvenile Justice subcommittee reveals Regnery's dedication to the cause. Sen. Specter asked Regnery, "You are looking for a causative connection between the presence of that magazine [*Playboy*] and some assaultive conduct, some sexual molestation, are you not?"

"Ultimately that is subsequent research that will have to be done," Regnery said.

"Beyond the scope of the $734,000 [for Reisman]?"

"That would certainly be the concept of anything that would be called subsequent," Reisman replied for herself.

And the result of all these studies? "All [Reisman's] research [on cartoons] tells us is that there are images out there," a prominent sexual-violence researcher who asked not to be identified said. "I could do a content analysis for $250."

One member of the commission recently urged Scottsdale residents to take photographs of people entering the city's X-rated movie house.

What, in fact, *does* research tell us about any connection between pornography and violent crime such as rape and child abuse? It's little wonder that the issue has generated more heat than light, given all the rhetoric that circulates as fact. Feminist censorship advocate Andrea Dworkin, for example, has declared that "*Playboy*, both in text and pictures, promotes rape. Its cartoons promote both rape and sexual abuse."

If this was true, we'd expect a strong correlation between areas with high rape rates and those with wide availability of pornography. But a recent comparison of states, based on those criteria, found no such correlation.

Moreover, if the porn-crime link were true, we'd also expect rapes to increase as pornography increased in general circulation. Yet research done by Richard Green, a professor of psychiatry at the State University of New York at Stony Brook and editor of the *Archives of Sexual Behavior*, has shown that this is not the case.

Green analyzed sexual-assault statistics in several European countries. He discovered that after antipornography laws were repealed in Denmark in 1967, rape rates remained constant even as nonsexual assaults were increasing dramatically. In West Germany, rape rates remained constant for seven years after pornography was legalized in 1973, while nonsexual violent crimes increased 127 percent.

In the United States, Green found that from 1970 (when hard-core pornography first became available) to 1978, aggravated assaults rose at a higher rate than did reported rapes. Moreover, Green adds: "If through the raising of women's consciousness during that same

period, a higher percentage of actual rapes were reported, the rape rate may have declined."

Paul Abramson, a professor of psychology at the University of California at Los Angeles, has done extensive research into Japanese pornography. The most prevalent form of Japanese erotica is much more violent than American equivalents. "One of the best ways to ensure the success of a Japanese film is to include the bondage and rape of a young woman," Abramson and his colleague, Haruo Hayashi, note.

Yet Japanese rape rates are much lower than in America; the Japanese committed 2.4 rapes per 100,000 in 1983 compared to 34.5 rapes per 100,000 in the United States that year. Abramson and Hayashi figure it's because prostitution has been widely accessible in Japan since the 10th century. "It is our opinion that sexual availability, void of public condemnation, has contributed to the low incidence of rape," Abramson and Hayashi conclude.

One piece of experimental research that is widely cited by porn foes is a study conducted by Profs. Dolf Zillmann of Indiana University and Jennings Bryant of the University of Houston. Their results were published in 1982 in a highly controversial article in the *Journal of Communication.*

Zillmann and Bryant had 80 male and 80 female students view 36 films of varying erotic content over a six-week period and then asked the students to recommend a sentence for a first-time rapist. Students who had not seen the films recommended an average sentence of just under 10 years; students who had "massive exposure" to porn movies thought a more appropriate sentence was just over four years. This, the authors concluded, showed that exposure to pornography leads to the "trivialization" of rape.

Porn foes typically use the Zillmann-Bryant study as a counterweight to the experimental research of Edward Donnerstein, a professor of communication arts at the University of Wisconsin. Donnerstein's studies, published in a series of articles in the *Journal of Research in Personality,* are widely considered the most extensive experimental research in the field.

He had a series of test subjects alternately view X-rated nonviolent material (*Insatiable*), X-rated violent material, and R-rated "slasher" films such as *I Spit on Your Grave.* He then investigated the subjects' attitudes about rape and sexual violence and their feelings about sex.

In six studies conducted during the 1978-80 period, trial after trial showed the same results: after being exposed to violent films, male viewers were more prone to say they would commit violent acts against women. However, when subjects viewed X-rated *nonviolent* material, Donnerstein told the Attorney General's Commission on Pornography last year, "if you look strictly at the data in which subjects saw only the sexual nature of the material, there were no increases in aggressive behavior and there were no increases in callous attitudes."

More-recent research tends to support Donnerstein's findings. According to Prof. Joseph Scott of Ohio State University, a three-month study found that the content of X-rated films is "the least violent of any type of movie."

Zillmann and Bryant, like Donnerstein, had used college students as their "guinea pigs." Yet while Donnerstein performed his experiment six times, Zillmann and Bryant did their research *once.* When they attempted to check their results by using a survey of adults, they faced a refusal rate of over 60 percent. "Because the refusal to serve as a subject is likely to be affected by the topic of the study," Zillmann admits, "we cannot assume that the sample really represents the population."

And as Prof. Larry Gross of the University of Pennsylvania pointed out in a stinging response to Zillmann and Bryant's original paper, a four-year sentence is "not exactly trivial, and probably quite close to the actual sentence a rapist might serve."

Zillmann and Bryant's conclusion about pornography and the trivialization of rape has been widely used by foes of porn. Yet the researchers' conclusion doesn't follow from their evidence, but instead from "extrapolations" from their data. In other words, when Zillmann and Bryant claim, for instance, that pornography "might not only victimize women, but—through the erosion of love—harm men as well," they are not summarizing their research but stating their opinions. Yet such opinions become principal sources of "scientific evidence" that pornography leads to a breakdown in morality or to violent crimes.

The only firm conclusion that we can draw from sexual research is that we can't say one way or the other whether exposure to pornography causes people to "act out" violent sexual behavior. Science tells us that the verdict on pornography is "not proven" rather than "not guilty."

"There is absolutely no evidence of a causal relationship between pornography and sexual acting out," Sol Gordon, professor of child and family studies at Syracuse University and director of the Institute for Family Research and Education, said at a panel discussion on pornography last year. "I haven't seen it in sexual molestation or in rape. You can always get an incidence. The newspapers will always help. You may find one rapist, and they found pornography in his room. And that means that pornography caused it. They also found milk in his refrigerator!" Conversely, of course, erotic magazines and videos could be found in the homes of millions of men and women who have never committed rape or sexual abuse.

If there is no scientific case for linking pornography and crime, then smutstompers in the Justice Department had one path to take. As Gordon Raley, former director of a House subcommittee that investigated Justice Department smutstomping from 1982 to 1985, said of the alleged porn-crime link in an interview: "They didn't have any evidence. So they had to invent it." Which explains Regnery's research grants to people like Judith Reisman.

The Justice Department opened a second front in its war on pornography in June 1984, when President Reagan ordered the creation of a new national commission to study pornography. In 1970, a previous commission had concluded that there was no evidence that "exposure to sexually explicit materials [causes] delinquent or criminal behavior among youth or adults. . . . If a case is to be made against 'pornography' in 1970, it will have to be made on grounds other than demonstrated effects of a damaging personal or social nature." But in 1984 Reagan reopened the issue, declaring: "It's time to stop pretending that extreme pornography is a victimless crime."

The 11 commissioners appointed by Meese are of three types. Three of them—Judith Becker of Columbia University, Park Dietz of the University of Virginia, and Ellen Levine of *Women's Day*—are regarded by seasoned observers as liberals. Three others—Edward Garcia, Harold "Tex" Lezar, and Deanne Tilton—are conservative Republicans of the type usually awarded seats on commissions as a reward for long-time service in the Republican Party. It's a good guess that this block will vote with the smutstompers, but thus far the

group has no record on the issue.

The remaining five commissioners, proven and voluble smutstompers, include:

• *Henry Hudson*, chairman of the commission. Commonwealth's Attorney (county prosecutor) of Arlington County, Virginia, Hudson is known by local politicians as "Hangin' Hank" for his forthright advocacy of the death penalty. Hudson's efforts to remove pornography from Arlington County—closing massage parlors, arresting sellers of pornographic magazines and videocassettes—won him a personal commendation from President Reagan several years ago.

"The people of Arlington County do not like those types of publications here," Hudson told the *Washington Post*. (Why did porn stores stay in business if "the people" didn't want to purchase their goods?)

In a debate at the Cato Institute in Washington, D.C., last July, Hudson said that the Attorney General's Commission on Pornography was "more interested in the commercial market than what someone does in the privacy of his own residence." But as Barry Lynn, legislative counsel of the American Civil Liberties Union, pointed out during the same debate, "If [Hudson isn't] interested in what's going on in the privacy of someone's home, [he] ought to take absolutely no interest in the fact that video stores are renting out little black and brown boxes with the tape inside that have no visible image unless you happen to have a VCR hooked up to your television."

The Reagan administration's smutstompers share a common theme: a willingness to despise pornography with your tax dollars.

• *Rev. Bruce Ritter*. Director of Covenant House, a home for runaways in New York, Ritter has received $2.25 million from Alfred Regnery's OJJDP since 1982, and $1.25 million of this was given by Regnery on August 15 last year—two months after the Pornography Commission began its hearings.

Ritter refused to return my phone calls to ask whether it was a conflict of interest to accept Justice Department grants while serving on a Justice Department commission, especially since smutstompers on the commission repeatedly have asked censorship opponents testifying before the commission—including Donnerstein and Barry Lynn—if they had accepted any money from *Playboy* or *Penthouse* for their work. (Donnerstein had, but the small grant he received was more than outmatched by the $250,000 he received from the National Science Foundation.)

In a fundraising letter, Ritter explains that his job is to rescue children from "the predators of the sex-for-sale and pornography 'industry.' " Gregory Loken, director of the Covenant House's lobbying arm, the Institute for Youth Advocacy, calls for allowing children to sue purveyors of child pornography and for federal monitoring of cable-TV shows, "dial-a-porn" services, and magazine display cases that might be seen by minors.

• *Frederick Schauer*. A professor of law

at the University of Michigan, Schauer has been a long-time advocate of restricting pornography. In his book *Free Speech: A Philosophical Inquiry* (1982), Schauer argues that visual pornography is not "speech" and can therefore be controlled by communities without violating the First Amendment. "Failing to impose sanctions on regulable pornography," he says, "weakens the assumed public interest in regulating pornography."

• *James Dobson.* A fundamentalist pediatrician from Southern California, Dobson is the most forthright smutstomper now serving on the commission. "I have a personal dislike for pornography and all that it implies," Dobson told the *Washington Post.*

In his book *Dr. Dobson Answers Your Questions* (1982), Dobson expanded on these views. "The indiscriminate release of sexual energy outside the boundaries of the family is potentially catastrophic," Dobson wrote. "The very force which binds a people together then becomes the agent for its own destruction.... When that atom and its neighbors are split in nuclear fission (as in an atomic bomb) the energy which had provided the internal stability is then released with unbelievable power and destruction. There is ample reason to believe that this comparison between the nucleus of an atom and the nuclear family is more than incidental."

• *Diane Cusack.* A member of the city council in Scottsdale, Arizona, Cusack recently urged Scottsdale residents to take photographs of people entering the Kiva Theater, the city's X-rated-movie house, and copy down license-plate numbers of cars in the theater's parking lot. (Scottsdale Mayor Herb Drinkwater then suggested that citizens turn this "evidence" over to the police.) According to the Scottsdale *Progress*, Cusack also stated that citizens should lobby judges to urge further restrictions on pornography. Smutstompers "are strapped by the law and the judicial interpretation of the law," Cusack said. "Until we can get the U.S. Supreme Court to give us a better interpretation of what is pornography, and until we get the judicial community [to understand] that we don't want this [pornography], you can't shut down the Kiva."

Of the 45 witnesses called by the Porn Commission to testify at its first hearings last June, 42 either called for further restrictions on pornography or testified to some harmful aspect of porn. Only Barry Lynn and Isabelle Pinzler of the ACLU and Townsend Hoopes of the Association of American Publishers argued against further restrictions.

Six senators—five Republicans and Sen. Dennis DeConcini (D-Ariz.)—testified about their proposed bills to restrict pornography. The proposed legislation ranges from a bill by Sen. Jeremiah Denton (R-Ala.) to ban "dial-a-porn" services to that of Sen. Paul Trible (R-Va.), which for the first time would allow the FBI to tap into computer "bulletin boards" to search for pedophiles—or anyone else—who might exchange information on sex with minors.

Eight members of various national police forces—four postal inspectors, two customs inspectors, one FBI agent, and FBI director William Webster—testified about their porn-fighting efforts. Three ministers and two members of Women Against Pornography stepped from the pulpit to give homilies against porn. And Surgeon General C. Everett Koop declared that the Public Health Service would be ready to jump into the war on pornography "with the same degree of serious study that we have given to every other manifestation of major social stress and disorder."

Perhaps most disturbing were the anonymous witnesses. Nine witnesses at the Washington hearings, for example, told horror stories about how their marriages and lives had been destroyed by pornography. No one testified that pornography is fun, pleasurable, or beneficial.

Hudson told the *Washington Post* that he could not find any "alleged beneficiaries" from porn. "If you know of one, would you let us know?" Hudson said.

Similar proportions of smutstompers, police agents, and anonymous witnesses testifed at Pornography Commission hearings in Los Angeles and Chicago. Only in Houston, in a hearing devoted to research on pornography, were the pro- and anti-porn sides balanced.

But objective, balanced inquiry isn't what the government's porn inquisitors are after. Rather, they're out to prove a thesis: pornography "causes" violent crime and degeneracy. Lois Lee, director of Children of the Night, a group helping teenage runaways and prostitutes in Hollywood, explains that commission investigators had come to her office with their minds already made up. "Ed Chapman [a commission investigator] came to me and asked to see teenagers who started turning tricks after their fathers showed them *Playboy* and *Penthouse*. I told him, 'Look, *none* of our kids got started turning tricks because their fathers started using pornography. *None.* They may have run away from home because their fathers beat them, or because their fathers were drunk, but not because of pornography. Even if you got rid of all the pornography in the world, you wouldn't get rid of abusive or drunk fathers.'"

According to an official of the American Society of Journalists and Authors who asked not to be identified, the Porn Commission "certainly didn't encourage us" to testify at its Los Angeles hearings. The official, an anti-censorship advocate, relates that "when we first asked to testify, we were told to submit a curriculum vitae and a copy of our testimony. They said they'd examine it and give us an answer" whether a representative of the group would be accepted as a witness. The organization protested that such a requirement was like an "audition," and the Porn Commission relented.

For the most part, then, the commission is hearing only testimony from agents of the state seeking to expand their own bureaucracies and from anonymous witnesses. The bias of the national police forces is, of course, self-evident; they wish to expand their power just as any bureaucrat does.

As for the anonymous witnesses, Richard Green of the State University of New York reminded the commission in Houston that the anecdotal method of collecting information that the commission is using is simply bad science. One cannot leap from specific cases of pornography abuse to a general condemnation of pornography, Green explains. "A major obstacle in weighing the significance of anecdotal reports is that the population on the other side of the balance is invisible."

It is that invisible majority—the Americans who rented or viewed pornographic videocassettes 65 million times last year, or who bought 9 million copies of *Playboy*, *Penthouse*, or *Hustler* last month—who will not be heard or observed by the commission. The people who use pornography without harm, as a pleasurable and normal part of everyday life, never catch the notice of taxpayer-funded smutstompers. Indeed, one doubts that balance will ever be brought to the commission's proceedings. More likely, the commission's report, due this June, will only be the latest shot in a long and mindless war on freedom. ◻

Martin Morse Wooster is Washington editor of Harper's *magazine. This article is a project of the Reason Foundation Investigative Journalism Fund.*

God and Woman at Yale

Confessions of an ideological misfit

Economics 111b, Elementary Economics: Theories of income determination, economic growth, and international trade applied to problems of fiscal and monetary policy of developed countries and to economic problems facing developing countries.

Sounds pretty innocuous, doesn't it? This blurb describing an introductory economics class at Yale leads many unwary Bulldogs to believe that they will learn, with at least some semblance of objectivity, the fundamentals of economics. But this class, and many others at Yale, largely serve as pulpits from which liberal academics preach their politics. Political bias has a stronger grip on Yale than does the ivy on its walls.

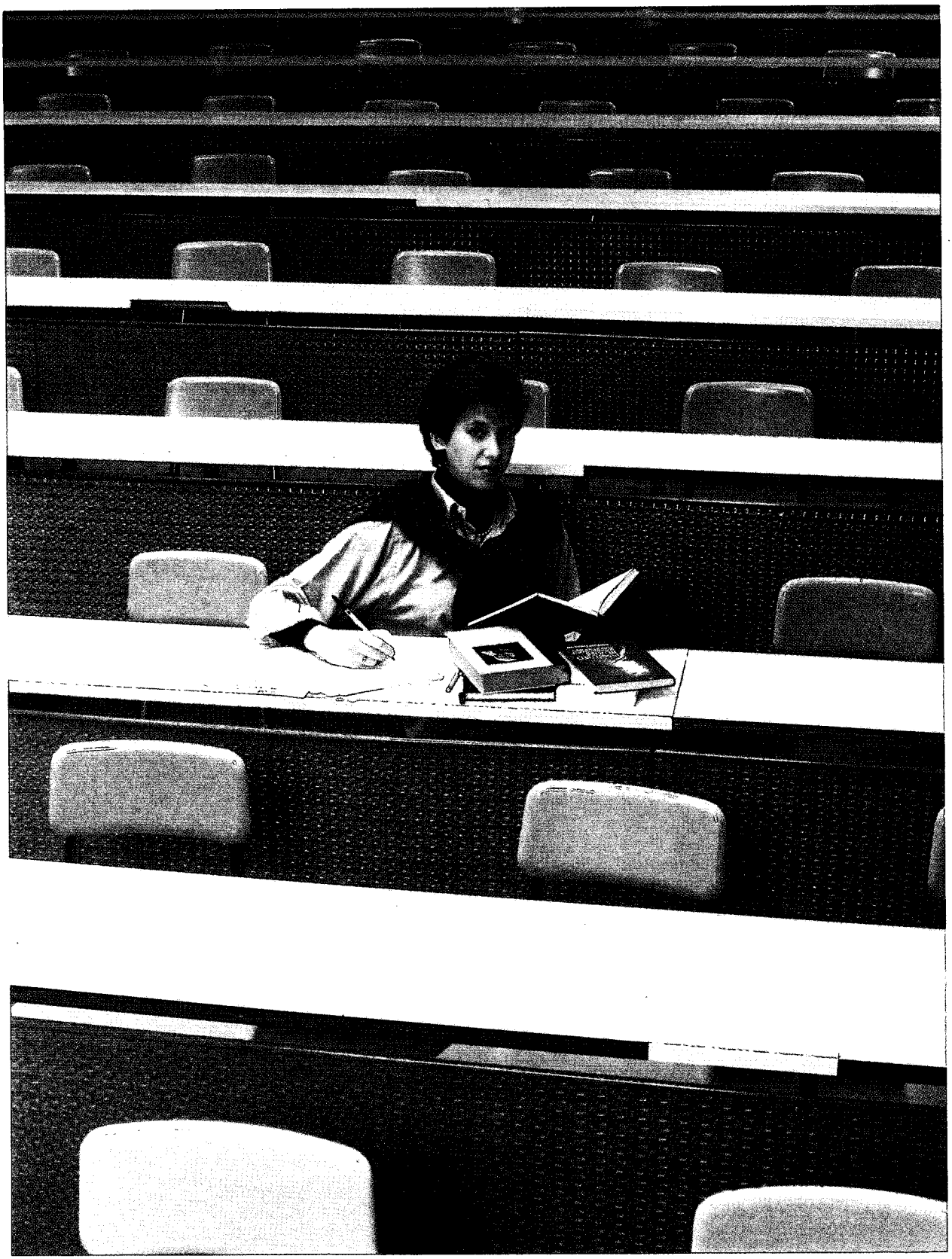
Consider Mansfield's *Principles of Macroeconomics*, a typical introductory textbook required for Econ 111b. Mansfield informs the student that "no one believes that the price system, left to its own devices, can be trusted to solve our society's basic economic problems." Endless government spending certainly doesn't worry Mansfield, since he knows "it is not true that [government debt] somehow transmits a serious burden to future generations or that it may lead to bankruptcy." He proudly announces in his preface that "the Keynesian-monetarist controversy now occupies an entire chapter." One chapter—then back to the "real" thing.

Biased books like this are assigned by biased teachers in biased classes—which would be fine, *if* the teachers recognized and acknowledged that it's personal politics they preach, and *if* students had a variety of political sermons to choose from. At Yale, I found, neither is true.

It's not hard for professors to quietly slip their own politics into their classes—especially in introductory or survey courses, where students have little or no background in the subject. Professors pose the "right" questions and encourage the "right" answers; they exalt the "strong" theories (those that support their political beliefs) and ridicule the "weak" theories (all the rest); and they assign books that say the same things *they* say (which is easy—many assign books *they* wrote). Disputes rarely arise in these classes, since nothing is presented as disputable. Intellectually, students are given nothing to chew on—they are unwittingly (or, perhaps, not so unwittingly) spoon-fed the same bland, liberal mush in class after class.

In many upper-level courses, professors don't even bother trying to disguise their editorializing. Everyone on campus knows what lessons are being taught in courses like "Labor History," "Protest Movements," and "Women

by **Lucy Braun**



Photograph of Lucy Braun by Bill Boyd

and the American Left." Just because these classes are blatantly ideological, however, does not mean that dissent is welcome—or even tolerated. Professors make it clear not only what they want to "discuss," but also what they want their students to *conclude.* And every grade-conscious Yalie knows how to win this game—repeat in so-called discussion groups what the teacher said in the lectures, expound on it in a paper, and spit it back (in a slightly personalized form) on the exam.

All of this would be a lot easier to take if students could at least choose *which* political ideology they'll be forced to swallow whole and regurgitate undigested. But there's only one—that tired old brand of New-Deal liberalism. Many professors proudly proclaim that they're socialists; few professors are conservative (certainly not the tenured ones), and none are libertarian. And this imbalance is by no means limited to one or two departments—it skews the departments of economics, political science, philosophy, sociology, psychology, history, American studies, Afro-American studies, and women's studies. It's impossible to get a liberal arts education at Yale without getting a *liberal* education.

Questioning the intellectual status quo is risky business. I remember one sociology class in which I nearly always balked at the particular form of government intervention that the professor happened to be advocating in any given lecture. One day the professor announced that we were going to "discuss" an idea she introduced as the best thing that could happen to women—comparable worth. I knew what I was in for, and I guess my face showed it. She sneered at me, in an I-dare-you-to-openly-challenge-me-in-front-of-your-peers tone: "Ms. Braun—would you like to stand up in front of the class and tell us *your* problem with comparable worth?" (And they charge $15,000 a year for *this*?)

I also remember how I felt in a class on the history of science and medicine. The professor was trying to make the point that science can never be objective because politics colors scientific paradigms. She wanted us to see how political "extremists" taint the credibility of scientists. As an example, she chose Herbert Spencer. I certainly didn't agree with all of his ideas, but I did find them different from anything I had ever heard. More importantly, I thought it would be interesting to talk about *why* his theories were so controversial. But we never got to that. We were only warned that his was the kind of thinking that was dangerous for truly "progressive" science (like the kind espoused by the Union of Concerned Scientists, I suppose).

I was interested in many of the same social and economic problems that concerned other students, like sexism, racism, and poverty. But I did not approach these issues with the same paternalistic assumptions held by the other students. I got little encouragement or assistance when I rejected, or simply questioned, those assumptions. Soon I found that I wasn't even asking the same questions. Others asked, How can we help the poor? I asked, Under what conditions can the poor help themselves? But no one cared much about *that* kind of question.

I was labeled "conservative" (which was inaccurate *and* insulting) because no one knew, or at least acknowledged, any other alternative to Standard Yale Liberalism. Libertarianism was basically a nonexistent concept. Individualism was considered a vice, not a value. Concern for the political and economic well-being of others was believed to be genuine *only* if it led to grandiose schemes for government intrusion into their lives. This meant that when I dissented, my motives, rather than my beliefs, were questioned. It is, after all, easier to disarm political opponents by slandering their character than by facing and discussing legitimate ideological differences.

The few students who openly called themselves conservatives were a frightening crew. When the *Yale Daily* newspaper offered to show Yale what conservatives were all about, the group they chose posed for a picture wearing tweed jackets, smoking pipes, and looking pompous as hell. They talked a lot about communists. They whined about the demise of morality and virtue in America (which goes over really well on a college campus, let me tell you). They gave Yalies a bad name. They were gross.

It was interesting to watch the evolution of the student-as-political-animal at Yale. First-year students tend to be a liberal and idealistic bunch who get excited at the prospect of going to parties with names like "Rock for Social Justice." They participate in a slew of never-ending rallies, marches, protests, demonstrations, petition-signings—even strikes, if they're lucky—and other noble forms of procrastination. The sheer number of political causes one can call one's own is intoxicating.

But the lack of ideological variety in all this activism is suffocating, especially as four years of classroom indoctrination wears on. Students who swam against the political tide as freshmen are often discouraged or just plain exhausted by their senior year. And students who came to Yale already well-versed in the art of spouting big-government liberalism often get bored hearing the same old stuff and become apolitical or apathetic.

Some former I-hate-capitalism types even decide, 'long about spring of senior year, that it's time to stop sniveling about the evils of the corporate world and start getting ready to enter it. They rationalize this with that most virtuous of the liberal Yalie's emotions: guilt. Feeling guilty—for the plight of the poor and for being at Yale—makes it acceptable to do certain things after graduation, like make money or go to a good (elitist) graduate school.

One friend of mine (who came from a high school where students thought the median US income in 1980 was $40,000) said he felt guilty about being at Yale and he would feel guilty about going to Harvard or Yale law school (he was accepted at both), but after working at a prestigious law firm for a few years (just to make a name for himself), he'd quit the nasty capitalist scene and dedicate his life to the "real" work of wiping out individualism in America. And as long as he didn't make any money, he'd know he was successful.

It must sound like I hate Yale. In fact, Yale represents four of the best years of my life. In addition to all the wonderful (nonpolitical) things Yale offered me, I tried to turn the ideological intolerance to my advantage. Because I felt intellectually shut out, I spent a lot of time questioning, analyzing, and developing my own ideas. It would have been nice to be able to do it in the classroom—but at least I *did* it, which is more than many students do.

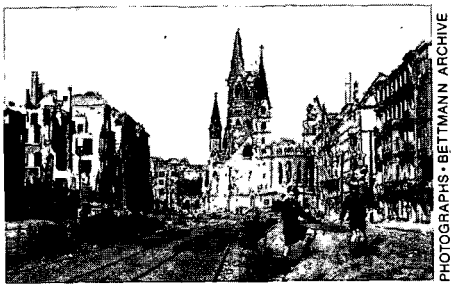
I don't know how much intellectual freedom to expect from a school headed by a president who has welcomed a freshman class with a tirade against a political group he finds personally distasteful (remember Bart Giamatti's anti-Moral Majority speech of 1981?). But I do expect more. Yale dresses itself up as a liberal arts college of the best kind—where people of *all* persuasions stimulate each other, challenge themselves, and learn the virtues of tolerance and open-mindedness. When one way of thinking is held as morally superior, everybody loses. I hope my favorite school will soon stop masquerading its liberal bias as "Light and Truth." ◧

from Yale in 1984. (She has nothing to do with Accuracy in Academia.)

The Marshall Plan is going down in history as the great savior of a war-devastated Europe. The history books are wrong.

The Great Twentieth-Century Foreign-Aid Hoax

by Tyler Cowen



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The Marshall Plan revitalized postwar Western Europe, contained Soviet expansion, stopped the spread of communism, helped preserve the European capitalist tradition, powered tremendous economic growth, and helped save the US economy from a postwar depression. Or so conventional wisdom would have it. Winston Churchill once referred to the Marshall Plan as "the most unsordid act in all of history." Few American policies have been treated so reverently by historians.

The Marshall Plan is more than a historical event—it has become a modern myth. As such, it may be mostly true or mostly false, but it exercises a powerful

hold over reality. And the perceived success of the Marshall Plan has influenced American foreign-aid policy since the late 1940s. Nearly all of the US foreign-assistance programs of the 1940s and 1950s, for instance, were conceived with the Marshall Plan in mind. Since the late 1940s, many Latin American leaders have called for a "Marshall Plan for Latin America." President Ronald Reagan's Caribbean Basin Initiative bears the stamp of Marshall Plan influence, and a more comprehensive aid plan for Latin America has been advocated by the Reagan administration. On March 5, 1983, then-US Ambassador to the United Nations Jeane Kirkpatrick said that "Washington should initiate a major economic aid program for Central America similar to the Marshall Plan in Europe after World War II."

Secretary of State George C. Marshall: Savior of Europe or sugar daddy to the special interests?

Perhaps even more important than the plan's impact on any particular political attitude has been its influence on the general perception of the US role in the world as a supplier of foreign aid. Before the 1940s, foreign aid was not a continuing issue in American politics. Since the 1940s, nearly everyone seems to believe that foreign aid can work and that it is up to America to produce the successful formula. The Marshall Plan then is wheeled out as an example of successful foreign aid. While it has become fashionable to admit the Marshall Plan experience cannot be directly applied to the problems of Third World nations, there is still an implicit presumption that the plan is somehow indirectly relevant. The success of the Marshall Plan is never questioned; the only issue is how to remodel the blueprint in order to suit the needs of the developing world.

The historical reality of the Marshall Plan does not match the popular myths. As such, serious questions about foreign aid are raised. For if the most highly acclaimed foreign-aid program of this century—if not of all Western history—was at most a limited success, then foreign aid as a concept should be critically reexamined.

The genesis of the Marshall Plan is to be found in Secretary of State George Marshall's famous speech at Harvard University on June 5, 1947, in which Marshall alluded to a comprehensive aid program to spur Europe's recovery. Marshall noted that "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos."

The details of the Marshall Plan—also known as the European Recovery Program (ERP)—were fleshed out the following year in a series of Allied meetings. The concurrent Greek and Turkish crises and the Truman Doctrine influenced the plan. The ERP became the keystone of American policy toward Europe. Not only would European recovery be encouraged and Soviet influence limited, but the economic resuscitation of Germany would be made possible in a manner acceptable to the other Allied nations.

America offered Marshall Plan aid to all European nations except Spain, but the Soviet Union and Eastern bloc nations refused to participate for reasons that remain somewhat unclear. On April 2, 1948, Congress passed the Economic Cooperation Act, implementing the Marshall Plan. The bill outlined a four-year, $1.7-billion system of grants for European nations to buy US products—amounting to aid of unprecedented scope. Assistance was officially given to promote industrial and agricultural production, attain and maintain internal financial stability, and stimulate trade within Europe and with the outside world. The Economic Cooperation Administration (ECA) was created to oversee and direct the aid program.

Four decades later, the Marshall Plan is a study in mythology.

Myth No. 1: The Marshall Plan was a significant factor in West European postwar recovery.

Although the Marshall Plan has received a tremendous amount of publicity, its actual financial impact was quite small. At no time did Marshall Plan aid ever exceed 5 percent of the gross national product of the recipient nations. And the assistance totals were minuscule compared to the growth that occurred in the 1950s.

More important, the so-called dollar shortage was not the critical problem facing Europe at the time; bad economic policy was the true culprit. In nearly every country occupied by Germany during the war, the stringent system of Nazi economic controls was continued even after the country was liberated. And in each case, rapid economic growth occurred only after the controls were lifted and sound economic policy established. This happened irrespective of the timing and extent of Marshall Plan aid. The restoration of liberal regimes, relative monetary and fiscal stability, business confidence, a general willingness to support the postwar rebuilding effort, and economic integration of the continent were the primary factors behind the resurgence of the European economies. These factors were not always encouraged by the plan. In fact, those countries receiving relatively large amounts of aid per capita, such as Greece and Austria, did not recover economically until US assistance was winding down. Meanwhile, Germany, France, and Italy began their recovery before receiving Marshall Plan funds.

The German economic recovery is the most miraculous example of European postwar economic growth and the most frequently cited example of a Marshall Plan success. Thus, it deserves a closer look.

American aid never exceeded 5 percent of West Germany's GNP, even in 1948-49, at the height of ECA assistance.

At the same time, Allied occupation costs and reparations absorbed from 11 to 15 percent of West Germany's GNP. The US government's policies, therefore, *caused* German resource problems rather than cured them. The net economic transfers out of West Germany loom even larger because throughout the mid-1950s Bonn repaid half of its ECA aid.

The West German suffering during this period resulted primarily from ill-conceived economic policies, not plant dismantlings and reparations. The Allied Control Commission (ACC) continued the Nazi system of economic controls, involving not only price controls and production quotas but also conscription of resources, including labor. The ACC raised taxes by an average of 50 percent. Rent controls seriously exacerbated the housing shortage that had resulted from wartime bombing of German cities and the influx of over five million refugees from East Germany.

In 1945-46, Germany was allowed no foreign trade, a prohibition that was only gradually relaxed. Although most of the German populace was consuming food at a rate just slightly above the starvation level, the Allies forced Germany to refuse numerous barter deals, like food for coal and steel, offered by other European nations. In addition, the ACC limited West German industrial output to levels ranging from 10 to 70 percent of those in the mid-1930s. Until mid-1948, the German economy hobbled along at a near-subsistence level, sustained only by black markets and private scavenging.

West Germany's upturn really began on June 20, 1948, when the Allies instituted currency reform, effectively "tenthing" the money supply; that is, bringing the money supply to one-tenth its initial level. The old Reichsmark became a Deutschemark in one of the most drastic deflations ever. The average German's standard of living shot up within hours of the currency reform as people became fully willing to accept currency in return for goods and services.

Less than one month later, Ludwig Erhard, German economic director of Bizonia (the postwar American-British occupation zone), pushed the German economy further onto the right track. One Sunday, when everyone else had left their offices, Erhard defied orders and issued an edict abolishing most of the Allied economic controls. When Erhard was called on the carpet the next day, legend has it that the following dialogue took place:

One US Army colonel demanded: "How dare you relax our rationing system when there is a widespread food shortage?"

Erhard replied: "But Herr Oberst, I have not relaxed rationing; I have abolished it! Henceforth, the only rationing ticket the people will need will be the deutschemark. And they will work hard to get these deutschemarks, just wait and see..."

General Lucius Clay: "Herr Erhard, my advisors tell me you are making a terrible mistake."

Erhard: "Don't listen to them, General, my advisors tell me the same."

Erhard's free-market philosophy worked well. Monthly production indices rose at rates that exceeded many later *yearly* increases. The West German economic miracle was underway. Several months later, Marshall Plan aid began to arrive.

Myth No. 2: The Marshall Plan encouraged the development of free enterprise and sound economic policy.

Proponents of the Marshall Plan have argued that American economic influence pushed Western Europe in the direction of free trade and a market economy. Leftist critics of the Marshall Plan, such as Joyce and Gabriel Kolko, have helped cement this myth by alleging that the ECA "forced" capitalism upon an otherwise recalcitrant Europe.

The truth is that those directing postwar US foreign economic policy had strong interventionist sympathies; when faced with any problem, their instinct was to seek a government solution. Furthermore, the very structure of the Marshall Plan encouraged state planning. Harry Bayard Price, author of the definitive *The Marshall Plan and its Meaning*, observed:

"Administration of the aid program influenced governments in many cases to increase economic planning and controls. To demonstrate their economic needs and how they proposed to bring about recovery, they expanded the apparatus for central supervision of their economies."

US aid, for instance, is widely regarded as a driving force behind economic centralism in France. Richard Kuisel has noted that "the United States supplied the first [Monnet] plan with equipment and materials, credits, and its expansionist economic philosophy....even the idea of how a planning unit should function owed much to Anglo-American advice."

Italian leaders sought market solutions for some of their economic problems but were actively hindered by ECA administrators. The Americans in charge of the ECA in Italy continually expressed concern about the Italian government's "excessive" attention to balancing budgets and controlling monetary expansion. US advisors urged Italy to undertake a coordinated public investment program. In 1949-50, American officials finished a study of the Italian economy without mentioning stringent migration controls across municipalities and rent controls, perhaps Italy's two worst pieces of economic legislation.

Wurzburg, Germany lies in ruins. Marshall Plan to the rescue?

State intervention was built into the Marshall Plan in other ways as well. Example: for every dollar that the ECA gave a foreign government, that government had to set aside an equivalent amount of domestic currency to be used for public works, public investments, and similar state projects. As a result, every US dollar sent to a foreign government caused that government to take another from its own private sector.

The Marshall Plan also subsidized the extensive postwar monetary and fiscal policies that caused enormous problems for many West European governments. Government-to-government transfers make it easier for governments to live beyond their means and to postpone needed belt-tightening. In the case of France, ECA appropriations allowed Paris to continue expending resources to retain France's colonial empire. Nearly all of the Marshall Plan aid to France in 1949-50 was offset by French military expenditures in territories abroad, primarily Indochina. In fact, foreign assistance always effectively subsidizes the most objectionable practices of the recipient government. Earmarking the funds does no good. If the money is sent, say, for bread, the old "bread funds" will be shifted to the objectionable activity.

An oft-cited Marshall Plan benefit is that it increased trade contacts between members of the Atlantic community. While there is truth to this, the Marshall Plan disrupted other trade relationships. For instance, on March 11, 1949, the *New York Times* reported that "United States tractor exporters with the support of ECA missions are successfully persuading the French and other Western governments not to shift purchases from United States products to Italian."

More significantly, Marshall Plan exports of tobacco, primarily to West Germany, seriously damaged the Greek tobacco industry. Prior to the war, tobacco accounted for 50 percent of all Greek export earnings and was a critical source of foreign exchange. By 1947, Greek tobacco sales had fallen to 35 percent of their prewar level, but still amounted to the respectable figure of 17,300 tons per year. In its first year, the Marshall Plan funded the export of 40,000 tons of American tobacco to Europe. Greek tobacco exports fell to 2,500 tons a year and never recovered. Turkey, Rhodesia, and Algeria also found their tobacco exports diminished by ECA allocations.

Ludwig Erhard: "But Herr Oberst, I have not relaxed rationing; I have abolished it!"

The Marshall Plan significantly affected the volume of trade between East and West Europe as well. All of the countries participating in the Marshall Plan were required to accept American export-licensing regulations regarding Eastern Europe. Among other things, this meant that "military related" items could not be sold to the East bloc. "Military related" was defined in such a manner as to include most machinery, chemicals, medicines, and even typewriters.

The experience of Greece, where American advisors exercised considerable control over the economy, further demonstrates the Marshall Plan's problematic influence on European economic policy. In addition to its civil war, Greece was burdened with an economy paralyzed by a rigid system of economic controls and concomitant corruption and lawlessness. Throughout the late 1940s and early 1950s, the Greek economy was wracked by huge import and foreign-exchange scandals resulting from government restraints on trade. Yet the American members of the Greek Foreign Trade Administration pushed for tighter price and exchange controls instead of a move toward freer markets.

As more American aid was funneled through the Greek government, graft and corruption increased. Major scandals were being uncovered monthly. It was only in 1953 that Greece began to recover—the year when US aid was cut to $25 million. This was the first postwar year when the Greek government balanced its budget. Few partisans of the Marshall Plan remind us that the American experiment in Greece was originally dubbed the "mini-Marshall Plan" because it was considered a microcosm of a larger effort.

Myth No. 3: The operation of the Marshall Plan was not strongly influenced by domestic US special interests.

While it is commonly acknowledged that such foreign-trade and investment programs as the Export-Import Bank and the Commodity Credit Corporation often serve the interests of particular US businesses and banks, the Marshall Plan usually has been considered beyond reproach. Both popular and scholarly opinion depict the Marshall Plan as a nearly ideal pluralistic and humanitarian foreign-aid program whose aims were not corrupted by the operation of pressure groups and special interests. However, reality is entirely different.

The very conception of the Marshall Plan implied that it was partially designed to serve special business interests. Before the ECA went into operation, a sizable share of US aid was administered through the United Nations. The UN did not stipulate, of course, that US-provided dollars be used to purchase American goods, nor did it earmark specific commodities to be purchased. In contrast, all of the aid channeled through the ECA was linked to purchases of particular US goods and services. In this regard, the Marshall Plan subsidized some US businesses at the expense of the American taxpayer.

The original Marshall Plan legislation,

for instance, required that at least half of all US-financed ECA goods be shipped in vessels of American registry with American insurance. Even Paul Hoffman, head of the ECA, admitted that this stipulation cost "millions of dollars," because American vessels were not always the cheapest available.

The Virginia tobacco manufacturers were particularly influential at the ECA. In the early years of the Marshall Plan, Europe was desperate for farm equipment and had put in a number of urgent requests for tractors and other kinds of farm machinery. Yet, as of June 30, 1949, the ECA had shipped only $40 million of farm equipment while managing to send $111 million (or 40,000 tons) worth of tobacco. Meanwhile, in 1948, per capita ECA exports of dried fruit to the Bizonia zone were two-and-one-half times the US per-capita consumption of dried fruit. The same year, more than 175 million pounds of expensive, inferior-quality spaghetti were shipped to Italy. This period also saw the shipment of 65,000 trucks to Europe, despite the dreadful condition of Western Europe's roads and the serious gas shortage.

The influence of special interests was described by Colonel Andrews, Chief of Food Procurement for the US Army Civilian Supply Program in Germany. He noted that because the United States was producing more peanuts than could be profitably sold in domestic markets, the Department of Agriculture was pushing peanut sales for Marshall Plan funds. The result: hundreds of millions of pounds of peanuts were shipped to Western Europe instead of the lard that Andrews had requested.

American oil companies also benefited from the Marshall Plan. Washington discouraged the use of coal and the building of independent oil refineries in Western Europe and encouraged the importation of American oil from the Mideast. As a result, oil shipments were an important feature of the Marshall Plan, accounting for 11 percent of ECA shipments. Not coincidentally, earlier US policies had strongly encouraged American oil companies to expand Mideast production.

When US companies started selling Mideast oil through the ECA, it was sold at the higher price of Texas Gulf oil—*plus* the transport cost of shipping oil from the Texas Gulf across the Atlantic. For more than two years, the average price of oil sold to Western Europe fluctuated between $3.50 and $4.00 a barrel. This figure was well over the cost of production. The same Mideast oil was being shipped back to the Americas in increasing quantities at a lower price than it was sold for in Europe. If the Europeans tried to buy their oil elsewhere—and some did—they would lose the ECA subsidy that picked up the entire bill.

Myth No. 4: American postwar foreign economic policy was one of free trade and the "Open Door."

The Marshall Plan was directed at solving an important problem—the so-called dollar shortage of Western Europe. Yet this problem could have been alleviated far more efficiently by reducing the trade barriers between the United States and Western Europe.

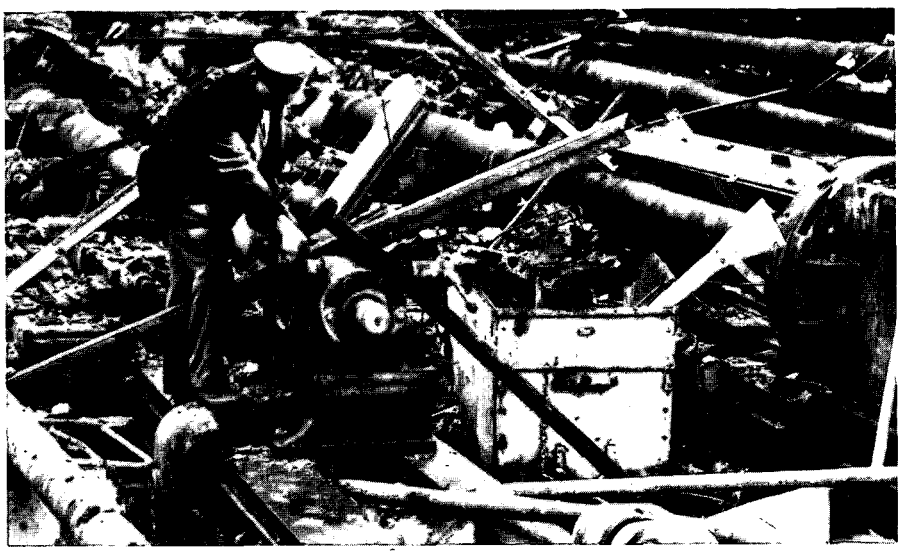
At the time, only 55 percent of US imports were duty-free, and most of the tariffs were not trivial in size. On manufactured items the tariff ranged as high as 30 to 40 percent. On knives with folding blades the tariff hit 184 percent. Tariffs on minerals and raw materials were slightly lower on average, but still reached 39.5 percent on mercury, 41.3 percent on tungsten, and 33 percent on fluorspar.

The US government estimated that a complete suspension of tariffs in 1950 alone would have increased annual imports anywhere from $673 million to $1.4 billion. With the exception of Japan, almost all of the increase would have come from Marshall Plan countries, particularly Great Britain and its large but troubled textile industry.

Contrary to popular belief, US trade policy was dominated by restrictive, bilateral trading agreements, not "open door" multilateralism. This counteracted much of the American attempt to restore European prosperity.

It is a truism that perceptions of history influence ideas about the present and the future. The series of myths that have sprung up around the Marshall Plan have given rise to a virtually identical series of myths around foreign policy today. Proponents of foreign aid almost always argue that US assistance spurs foreign economic growth, encourages sound and free-market economic policies, and is in the long-run best interests of the American economy. At the same time, they often overlook US barriers to trade, such as tariffs and quotas, in the search for a rational development policy.

Policymakers and aid proponents should no longer view the Marshall Plan as an unqualified success. Its effects on postwar Europe were, at best, mixed. The basic problem with foreign aid is that economic growth is not a creature of central planning and direction. Growth is the result of individual initiative and enterprise within a sound legal and economic framework. Government can only supply the framework. Anything more will result in the well-known problems of central or socialist planning: the impossibility of rational economic calculation, the creation of perverse incentives, and the stifling of entrepreneurial initiative. Foreign-aid programs always will be plagued by such problems. ◧



The Marshall Plan is more than a historical event—it has become a modern myth.

Tyler Cowen is pursuing graduate studies in economics at Harvard University. This article is adapted from a chapter in U.S. Aid to the Developing World, *edited by Doug Bandow. Copyright © 1985 by the Heritage Foundation.*

By Mark Skousen

Penny Stocks, Dollar Profits

All right, all you free-marketeers, put your money where your mouth is. The world's freest stock market is the Vancouver Stock Exchange. Why not take a flyer in this volatile market? You could lose your shirt, but you could make a bundle. Those are the chances you take in a laissez-faire market. It's not for security-conscious widows, retirees, or government bureaucrats. It's for speculators only.

What's the lure? Big profits, of course. Recently, a little, unknown penny stock named Canadian Ferrite went from 44 cents to over $5.00 in a matter of months. Golden Hope, a new mining company, jumped from 62 cents to $4.00 when it discovered gold in Quebec. Such opportunities occur every year on the Vancouver exchange.

The Vancouver exchange lists over 1,800 companies, and new issues are coming aboard every month. Not too many major stocks trade in Vancouver—once they become big, they graduate to the over-the-counter market or the New York market in the United States.

The Vancouver Stock Exchange is probably the fastest-growing stock exchange in the world. "More companies get their start in Vancouver than anywhere else," says Bob Bishop, editor of the *Penny Stock Mining Report.* Why? Because, in the words of Eric Watson, one of the principals in a new company that just issued stock through Vancouver, "it's the quickest and cheapest way to go public."

Registration with the US Securities and Exchange Commission and 50 states can take up to a year and cost $100,000 or more. Meanwhile, it cost Eric Watson and his company only $25,000 to go public in Vancouver, and it took less than six months.

But *laissez faire* also means *caveat emptor* in Vancouver. Vancouver specializes in venture-capital junior companies, which means a high-risk market. Many companies on the exchange are hyped to unreasonable levels.

You can get caught buying at the wrong time. Seasoned traders in Vancouver are notorious for running up the price of a stock, enticing novices to buy in while the stock is hot, then selling and driving it back down. Golden Hope, mentioned above, is a good example. Initially, it jumped from 62 cents to over $10.00, then dropped sharply to $4.00. As Bishop says, "It's easy to go wrong."

The Vancouver Stock Exchange has come under heavy criticism. One investment writer referred to Vancouver as "home to probably the most notorious group of stock swindlers in the world."

The world's freest stock market is the Vancouver Stock Exchange. You could lose your shirt, but you could make a bundle. It's for speculators only.

But investment banker Larry Abraham, who trades frequently on Vancouver, responds, "That's crazy. Everybody knows that the most notorious stock swindlers are on Wall Street, although there they call it insider trading or shrewd investment banking."

Many Canadian stocks are thinly traded, and with few outstanding shares, the market can move very quickly, up or down. Like the over-the-counter market in the United States, Vancouver stocks have high "bid/ask" spreads. (You pay the "bid" when you buy a stock, the "ask" when you sell.) Between commissions and the bid-ask spread, you sometimes need as much as a 30 percent increase in the price of the stock just to break even.

Most investors tend to buy for the long-term—the "buy and hold" strategy. If you follow this method, be prepared to have paper losses of 40-50 percent on some stocks. "That's the chance you take," says investment guru Doug Casey. "You buy ten stocks in hopes that one will strike it rich. If the other nine don't do a thing, you'll still make a bundle."

Here are my recommendations for playing this treacherous market:

First, only invest in companies that truly have substance to their value. Don't buy "moose pasture" penny mining companies that only have a hunch that gold is under the ground. Frankly, I've avoided most Canadian mining stocks because of the uncertain gold market and have opted instead for nonmining companies that offer new products or new ways to improve the quality of living in the world.

Second, start investing in Vancouver stocks when market conditions are favorable—when new issues are popular, the market index is moving up, etc. I believe 1986 will be such a year with the North American economy in a bull market.

Third, get to know as much as possible about the companies you're investing in. I suggest you get a copy of Bob Bishop's free introductory 4-page report, "Canadian Pennies," by writing Bob Bishop, P.O. Box 1217, Lafayette, CA 94549. He mainly covers mining stocks but occasionally refers to nonmining issues worth considering.

Fourth, look for bargains in penny stocks whose prices don't yet reflect their true value. Don't buy into a company whose price has already moved up by 300 percent—you could get burned very easily. Look for ones that are starting to move up but have yet to make the big move.

Fifth, find a reliable broker who looks after your interests. You don't want to buy the stocks the broker is trying to get rid of. I've seen many investors get burned by getting involved with a lousy penny-stock broker. I've had good experience with one firm: National Securities Corp. (500 Union St., Seattle, WA 98101; 800-426-1609 or, in Washington, 206-622-7200. Contact either Jerry Pogue or Bill Taylor. Minimum investment is $3,000.) Take delivery of all stock certificates.

Mark Skousen is adjunct professor of business management at Rollins College in Winter Park, Florida, and editor of Forecasts & Strategies, *a financial newsletter.*

By John Dentinger

Rising Star in the Legal Firmament

For a decade at the University of Chicago, Richard Epstein had been innocently minding his own business, teaching a variety of courses ranging from Roman Law to Workers' Compensation, and writing books, articles, and newspaper columns on a wide range of legal topics. Then along came the Reagan administration, which noticed that "Chicagoites" were talking about law and economics the way some conservatives were—in other words, like libertarians—and Epstein found he had some new friends.

The Heritage Foundation, for example, held a dinner for him so he could meet people in Washington, D.C. He has spoken at events sponsored by the Federalist Society, the Cato Institute, and the Manhattan Institute for Policy Research, among others.

About his new-found celebrity status the 42-year-old Epstein admits, "I find it very mystifying, but people tell me, 'You've got a lot of friends in Washington.' I am aware for the first time in my life that there are a lot of people out there who are 'pushing me.' It's a very strange feeling. It's nice, but it's also a little bit eerie."

There is less mystery here than modesty. Epstein has a broad reputation as a brilliant, wide-ranging scholar. His newest book, *Takings: Private Property and the Power of Eminent Domain*, has been greeted with wide acclaim. Moreover, his affiliation with the University of Chicago gives the (not entirely accurate) impression that he is a partisan of the school of Chicago-style economic analysis of the law that has given the conservative movement some of its most influential exponents.

Many of the leading conservatives from Chicago and other law schools are now on the bench, such as D.C. Circuit Judges Antonin Scalia and Robert Bork, in whose company Epstein recently found himself as a possible Supreme Court appointee in a poll of leading conservatives. Yet the Scalias and Borks advocate "judicial restraint"—that is, a circumscribed role for judges in interpreting the law. Epstein takes a different view: the mere fact that judges have often ruled incompetently on economic legislation is not an argument for abdicating judicial review in that area but for minimizing "the sum of the abuses that stem from legislative greed on the one hand, and judicial incompetence on the other." Says Epstein of the debate now raging on the judiciary's role: "I'm against activism in the sense that one ought not to push the Constitution beyond what the text requires. But I think the text requires a whole lot."

Richard Epstein

Property rights, for example, are not to be entrusted to legislative whim, but rather the legislature "has to be subject to powerful judicial restraint" to preserve and protect economic liberties. He would scrap much of the regulatory structure that emerged from the New Deal, such as government intervention in labor relations, which he says has led to "judicialization" of labor contracts.

Epstein is not, however, opposed to all forms of government intervention. "To state my position in a second," he says, "the greatest weakness of the classical libertarian position is that it does not acknowledge the place for any forced taking of property, even with compensation. Allow these exchanges and monitor the compensation, and one can account for the state and still keep it small."

Taxation, for example, would be justified by the provision by government of public goods. However, the requirement of compensation implies that there is no place for coerced transfers between private parties, and thus no place for any but a flat tax. "The flat tax says if you wish to raise the taxes on X, then you have to raise them on yourself." This, he argues, reduces the incentive to demand more government programs. The result would be "not a tiny state but not a huge one. Most of the things people find most offensive are eliminated." Yet he notes dangers: "Small-government advocates think that political convictions are enough; others think the political process has enormous degenerative force."

Why any coerced transfers at all? "You have to look at what the universe without forced exchanges looks like and see if it's stable. There's no taxation; unanimous consent can never be achieved. If everyone plays by the rules, this would be stable." But there's no way to stop someone from breaking the rules and taking property with no compensation, forming criminal gangs which would be worse than the government he advocates.

Apart from his jurisprudential pursuits, Epstein spends most of his time with his wife and three children. His daughter plays violin; he accompanies her on piano. He and his wife like to go to art galleries. He plays chess with his computer. "I love music generally, especially classical. I like to talk. I probably don't read as much as I should, but reading is much of what I do for a living. I edit the *Journal of Legal Studies*, which is on the interaction of law and everything else. Some years I edit 30 or 40 articles. I do most of my reading with my children—so I'm up on Laura Ingalls Wilder and starting on *Huckleberry Finn*."

Epstein did not set out in search of a political philosophy but acquired one by "a slow accretion" while he studied law at Oxford during the mid-'60s, reading 19th-century English legal cases. But that study may yet lead to an improved outcome for 20th-century American legal cases. His work is interesting as well as influential, so that even if one disagrees with him, there are compensations.

John Dentinger is a free-lance writer and a columnist for the LA Daily News.

Hooray for Hollywood!

By Douglas Borton

If you haven't been to the movies lately, you may be missing something. Slowly but surely, individualism is making a comeback in Hollywood—and not a moment too soon.

Tri-Star Pictures

Robert Redford, naturally.

In movies, as in books and plays, individualism is dramatized in the form of a hero. A hero portrays man as strong, confident, efficacious, possessing free will and conscience, and acting in pursuit or defense of his values.

Throughout the silent era and into the 1930s and '40s, heroes dominated the movie screen. You *had* to cheer for the indefatigably cocky Cary Grant in *Gunga Din*, the incorruptible Jimmy Stewart in *Mr. Smith Goes to Washington*, and the stolid John Wayne of *Stagecoach*.

The morbid soul-searching of the postwar years shaded the Hollywood product to the darker tone of *films noir*, Freudian westerns, and brooding character studies. In the late '60s and early '70s, the trend toward moody fatalism reached its climax, and the term "antihero" was coined to denote pop culture's apocalyptic vision of the individual propelled by fate to inevitable destruction. The screen's antiheroes went off to find America and got blown away (*Easy Rider*), or went off on a crime spree and got blown away (*Bonnie and Clyde*), or went off their rockers and started blowing other people away (*Joe*).

It might be argued that the counterculture's Beattys, Fondas, and Nicholsons *were* individualists, since they rebelled against a "conformist" society. But blind rebellion is not individualism. Living for kicks, as did Bonnie and Clyde, is no substitute for rational self-interest and no prescription for enduring happiness. Dropping out to do your own thing, à la *Easy Rider*, doesn't amount to much when your "thing" consists of getting stoned, drifting aimlessly, and hanging out at a hippie commune.

In the '60s the medium was the message, and the message was this: Life sucks, and there's nothing you can do about it, so either live for the moment or give up.

Fortunately this is the '80s, and they just don't make 'em like they used to. The turning point might have been *All the President's Men*, which dramatized one of the few positive notes struck in Watergate—that the individual, acting logically and fearlessly, *can* make a difference. Or it might have been *Jaws*, in which man versus nature became a metaphor for good versus evil. Or *Star Wars*, the space opera about freedom-fighting rebels that the critics said couldn't be taken too seriously, except that some people took it seriously enough to see it 25 times.

By the start of the '80s the public's message to Hollywood was coming through loud and clear: Give us something—and somebody—to cheer for. Antiheroes had gone the way of bra burnings, be-ins, and dinosaurs. Fatalism was out. The individual—taking charge of his life, meeting challenges, achieving goals—was in.

The people who put Bernard Malamud's 1952 novel *The Natural* on the screen in 1984 understood this. In both book and film the central character, baseball star Roy Hobbs, is offered a lucrative sum to "fix" a championship game. In the book, he accepts; he blows the pennant, only to be found out by the

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Michael J. Fox duckwalks in "Back to the Future."

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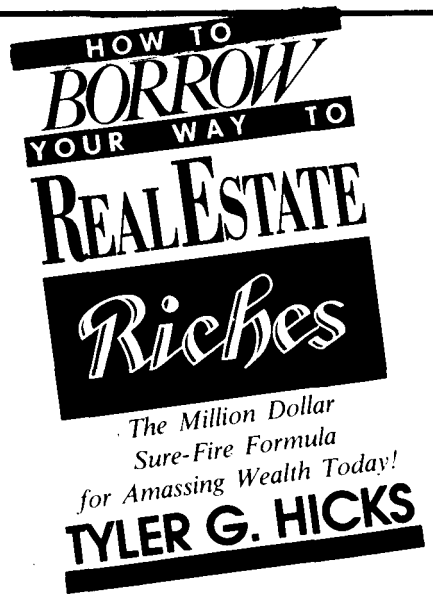

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life & liberty

press and reduced to public disgrace. "Say it ain't true, Roy," pleads a heartbroken hero-worshipping kid as Roy walks away, consumed by "his overwhelming self-hatred." But in the film, integrity wins out. Roy refuses the filthy lucre, then steps up to the plate to hit a game-winning homer.

An upbeat ending *is* a natural these days, along with heroes fighting for personal goals while bucking fate, the odds, and bureaucratic bad guys.

Some films emphasize the fun of chasing profits. A ragtag band of eccentrics fights off the corrupt Hack Bureau and steers the broken-down *D.C. Cab* company out of the red. College professors, stripped of their research grants, learn to make it as professional *Ghostbusters* despite the bungling interference of the EPA. An ambitious teenager gets mixed up in some *Risky Business* and learns a lesson in the theory and practice of entrepreneurial capitalism.

Other films stress courage and honor—*The Right Stuff* for any hero. An honest cop puts his life on the line to protect an innocent *Witness* to police corruption; a renegade cop takes to the air in *Blue Thunder* to stop a neo-fascist government plot; and four gunslingers ride into *Silverado* to challenge a lawless sheriff.

Still others treat us to the always welcome spectacle of an active mind triumphing over the seemingly inexorable workings of fate. Matthew Broderick uses his wits to save the world from a runaway computer's *War Games* and to rescue a knight and his *Ladyhawke* from a terrible curse, while Michael J. Fox rewrites history—for the better—in a complicated scheme that takes him *Back to the Future*. And wily old Captain Kirk uses every trick in the book in *The Search for Spock* (*Star Trek III*)—and does so not for any altruistic motive but for his own sake, "because the needs of the one outweighed the needs of the many."

Audiences once again cheering for heroes should be cause for good cheer outside Hollywood as well. Movies, after all, both mirror *and* mold public attitudes. The fact that so many of today's films celebrate ingenuity, initiative, courage, dedication to a positive goal, pursuit of personal happiness, and loyalty to a sensible moral code means that the American public still wants to see those values on the screen—and, let us hope, still wants to live by them.

Douglas Borton is a screenwriter living in Los Angeles. Watch for Death Squad *and* Man from Tomorrow.

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Has Individualism Grown Cancerous?

By Loren Lomasky

Habits of the Heart: Individualism and Commitment in American Life*, by Robert N. Bellah, et al., Berkeley and Los Angeles: University of California Press, 355 pages, $16.95 New York: Harper & Row, paper, forthcoming

Speaking very broadly, two prescriptions for maintaining the civil life of a polity have dominated political philosophy and practice. The historically preponderant strategy has been to structure the state as an enterprise defined by overarching goals, values, and a recognized corps of rulers who provide direction to their subjects. Virtually all premodern societies take this form (subject to technological constraints on the efficacy of rule from the top). In the 20th century, the model of the state as a unified enterprise is most recognizable in Marxist "dictatorships of the proletariat" and guides almost all attempts at nation-building in fledgling Third World countries.

RICHARD DOWNS

Opposed to the model of the state as an enterprise in which all residents are willy-nilly enrolled is a conception of the political order as a forum within which individuals, either singly or through voluntary association with their fellows, set their own agendas. No monolithic ideal of the Good, the True, and the Beautiful is accorded official (and coercive) sanction. Rather, persons are to be allowed liberty to conceive and bind themselves to ends that will afford them prospects of meaningful activity. This is the program of political liberalism, and despite roots that extend far back into the traditions of Athens and Jerusalem, it is a distinctly modern invention.

Liberal sociality is inherently risky, and that on two fronts. On the macro-level it gambles that individuals free to disagree amongst themselves will yet retain commitment to an institutional framework adequate to maintain civil order. On the micro-level it assumes the risk that, in the absence of centralized direction, individuals are competent to provide for themselves meaningful life projects.

Robert Bellah and his collaborators in the widely discussed book *Habits of the Heart* (soon to be released in paperback) do not conceive of themselves as rejecting liberal individualism, but neither do they wax enthusiastic over its manifestations in contemporary America. "Individualism," they intone, "may have grown cancerous."

Their concern does not seem at all directed toward the macro-level problem of preserving free institutions against the challenge of would-be encroachers. Americans, they report, are wedded to freedom as their most important value. Rather than being visibly cheered by that finding, they find it ominous. Negative "freedom from" is silent concerning "common conceptions of the ends of the good life," but in their absence individualism "might eventually isolate Americans one from another and thereby undermine the conditions of freedom."

The authors are here quite self-consciously following the lead of Tocqueville's *Democracy in America.* It is from Tocqueville that they borrow the locution "habits of the heart" to characterize the mores, dispositions, opinions, and affections that provide individuals the resources to construct satisfying lives. The authors' overriding thesis, reiterated far beyond the point of diminishing returns, is that these habits of the heart provide a nurturing moral capital. That capital stock is, however, dangerously depleted and urgently stands in need of replenishment through the development of a public philosophy that explicitly aims at the discovery or invention (the authors are not clear about which) of a public good.

Support for this charge of moral impoverishment allegedly issues from interviews carried out by the authors over several years with some 250 persons. For several reasons the evidence is thin. The sample is decidedly nonrepresentative, consisting almost entirely of white middle-class Americans, almost half of whom are either left-wing activists of one ilk or another or professional therapists. But this hardly matters. The authors patently came to the interviews knowing full well the conclusion they would derive: Americans possess little in the way of resonant values and are unable successfully to justify even these.

Some fancy footwork is required to substantiate this predetermined result. The respondents often seem to display reasonably rich and coherent conceptions of what is valuable within their lives. We are told, though, that these conceptions are uniformly inadequate. Either they are insufficiently grounded in traditions of thought and practice, or they fail to link with the broader community, or they lack a base in a theory of substantive justice.

But this is too easy a game! The authors play it well, but Socrates played it better. That individuals are unable to justify or even fully to explicate the core of values that moves them does not demonstrate that the core is empty or that it is inadequate to propel lives of satisfactory citizenship, however that

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slippery notion is understood. (The authors' examples of achievement in the public domain are restricted to snapshots of activists urging egalitarian redistribution of individuals' income.) Evidently the interviews function primarily to justify the authors' receipt of major grants from the National Endowment for the Humanities and the Ford, Guggenheim, and Rockefeller foundations.

Habits of the Heart is, then, less a piece of applied social science than an essay in political philosophy, a characterization that the authors themselves admit. As such it is not without merit.

The great strength of liberal theory has been its insistence on the necessity of freedom as the *sine qua non* of a productive society in which individuals can lead lives of autonomy and dignity. But liberalism does not feature a ready-made collection of values that individuals can mechanically make their own. That is not because such values are insignificant—the freedom to pursue whatever ends one will is a fearsome burden to one for whom nothing counts as a directive good—but because liberalism takes the identification and pursuit of value to be a private rather than a collective task.

There is, however, a temptation within liberal theory to concentrate so fixedly on the necessity of liberty that the question "Liberty for what?" is lost sight of. The good then becomes no more than each man's actual desires, and in the backwash of complete subjectivity, one set of desires is taken to be as worthwhile as any other. This is a philosophical blunder of the first magnitude. Liberty could not matter to us in the way that it evidently does unless the direction along which one freely sets oneself is also deemed to matter. Some choices are better than others—or so one who values his own freedom to choose must maintain. Otherwise we are playing a game whose stakes are nil.

The authors do well, then, to drive home the importance of investigating the realm of values. Concern for the genuinely good is not inimical to the spirit of liberalism but rather its counterpart. *Habits of the Heart* occasionally attains to eloquence in stressing this complementarity. But when the authors attempt to provide a framework within which value can be sought by free persons, they come up lame.

We must, they argue, work to reclaim what they call the "second languages" of the biblical and classical republican traditions that still spoke in rich cadences to Tocqueville's Americans but that subsequently have grown faint. However, the authors themselves almost entirely fail to explain what the essential vocabulary of those languages comprises, how they might be made to speak to contemporary concerns, or how they are inherently more justifiable than the brands of "utilitarian" and "expressive" individualism found wanting. The public good they prize appears embarrassingly unequal to any worthwhile task, let alone that of revivifying an allegedly moribund civic order.

In place of an illuminating vision of value to be pursued, the authors offer apocalypse and cliché. "We seem to be hovering on the very brink of disaster, not only from international conflict but from the internal incoherence of our own society. What has gone wrong? How can we reverse the slide toward the abyss?...The time may be approaching when we will either reform our republic or fall into the hands of despotism, as many republics have done before us." And the antidote? The best the authors can offer is a dollop of Michael Harrington's soft socialism and a spoonful of Felix Rohatyn's corporate state! The prescription fails to persuade.

Neither does the diagnosis. The authors demand establishment of a public good that is not merely the sum of various individual private goods. They are unable to provide any positive characterization of what such a public good might be. Instead we are offered pages of confused sermonizing.

One can only infer that their distress is occasioned not by any dearth of animating ends within our culture but by the plurality of values the authors encounter. Desiring to hear one sweet melody that all can sing in harmony, they are assailed instead by a cacophony of diverse choruses; craving communion, they find only communities and competition. But if that is the hidden agenda, they profoundly misrepresent their intention when they claim to be seeking a base of mores supportive of a liberal order. Rather, it is liberal diversity that is itself the culprit. Like Alasdair MacIntyre in *After Virtue*, but neither as forthrightly nor as gracefully, the authors end by plumping for an "organic" community that is thoroughly illiberal.

Free men and women set themselves to live out lives of value. Because they are at liberty to chart their own courses, they might fail. (So too, it bears remarking, might those who would don the prophetic mantle.) We can use many books that remind us that liberty is incomplete without valued and valuable objects at which it aims. But we can also require of such books a recognition that the quest for social consensus is omnivorous, devouring the conditions of liberal sociality. *Habits of the Heart* succeeds on the former count but falls dismally flat on the latter.

Loren Lomasky is an associate professor of philosophy at the University of Minnesota in Duluth.

Another Round in the Gold Debate

By Murray N. Rothbard

***Money and Freedom*, by Hans Sennholz**
Spring Mills, Penna.: Libertarian Press, 90 pages, $4.95 paper

Money is the area of economics that most fascinates the general public but also calls forth the most confusion and befuddlement. At this moment, countless visionaries long known as "money cranks" are churning out tracts, filled with charts and occult symbols, devoted to schemes for curing all economic ills by the creation of boundless heaps of money. In this welter of mystification, there are very few economists who are sound and perceptive on the money question and also able to convey their wisdom clearly to the general public.

In this rare group, Hans Sennholz, one of the leading American students of the renowned Austrian economist Ludwig von Mises, has long been outstanding. Among advocates of "hard money," Sennholz can always be trusted to be sound, knowledgeable, and free-market to the core.

In *Money and Freedom*, Sennholz provides an admirable tour of the theory, history, and politics of money. He provides an excellent explanation of our inflationary monetary and banking system. He favors not only a genuine gold standard but also competitive private minting

of gold coin. A genuine gold standard means that the "dollar" (or "franc" or "mark" or whatever) is defined as a given weight of gold coin and is redeemable at any time in gold coin at that weight. Sennholz sees no reason why the Treasury must be a monopoly issuer of gold coin or why private individuals and firms should not be able to compete in the minting business.

Without naming it, Sennholz also provides a gem of an explanation of Mises's "regression theorem," which demonstrated that money can only arise out of a previously valuable nonmonetary commodity on the market and cannot be created by government fiat or arrived at by some formal social contract. In addition, he illuminates the ways in which the US government uses the current international monetary system to export inflation abroad.

Sennholz is at his best when criticizing the "monetarist" views of Milton Friedman:

> Rejecting a gold or silver standard, [Friedman] favors a fiat standard with a given percentage rate of monetary growth....
>
> The Friedman proposal rests on a number of notions that are utterly alien to many economists. It calls on politicians and bureaucrats to provide the most important economic good, money. However, Professor Friedman does not trust them with discretionary powers, which leads him to write a detailed prescription. It is a political formula for political authorities to adopt, and, when enacted, a constitutional prohibition of monetary freedom.

This proposal would, as Sennholz shows,

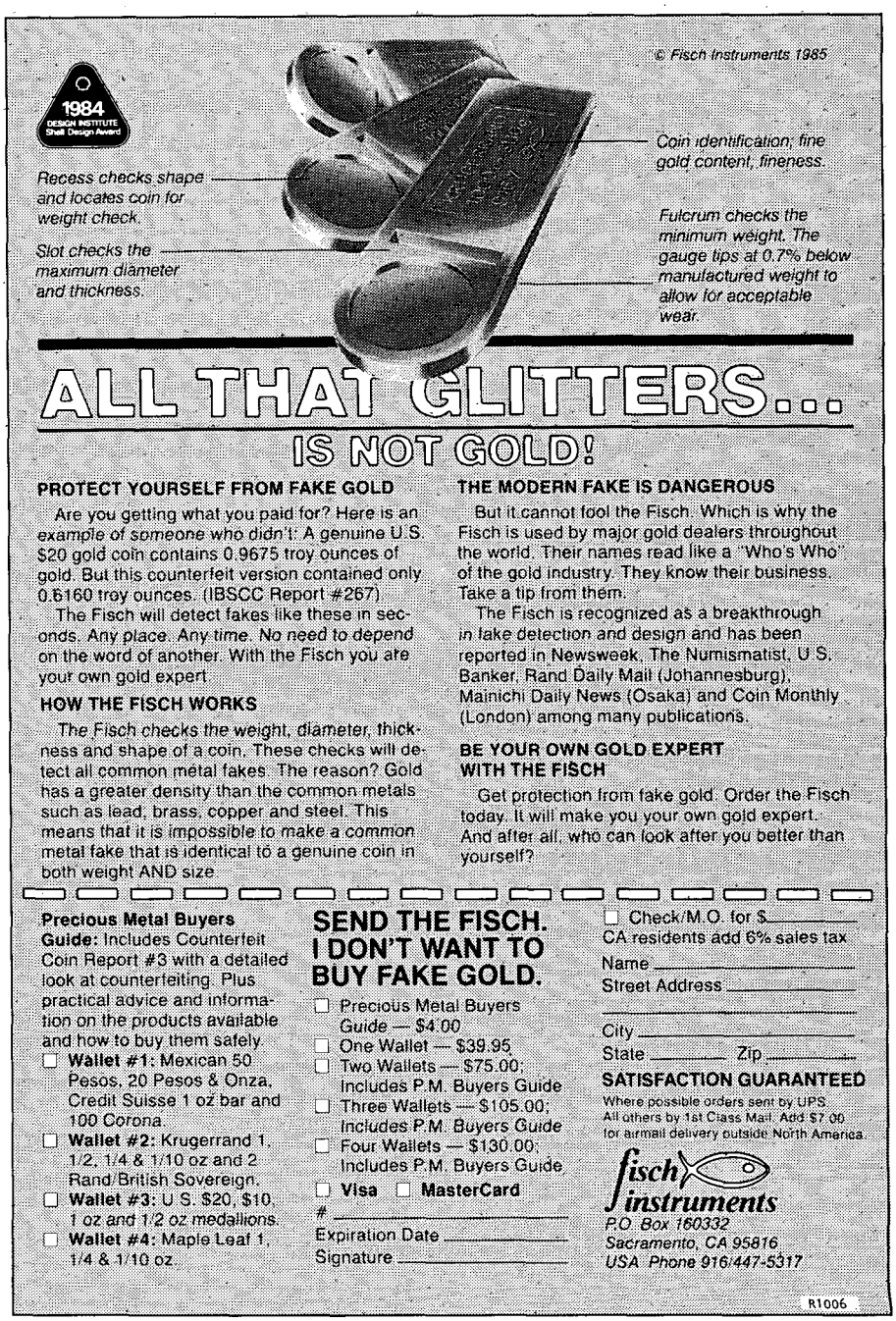
> disturb money markets just as Federal Reserve expansion disrupts them now. In this sense, it would not alter the nature of currency expansion, merely its technique....As Federal Reserve credit expansion does now, it would bring forth the maladjustment that necessitates the readjustment, that is, the depression.

In his analysis and history of our monetary mess, Sennholz is unexceptionable. The problem comes in his prescription for what to do about this mess. Apparently, he has now despaired of achieving gold redeemability of the dollar. He offers two criticisms of the idea of returning to (or advancing toward) the redemption of dollars into gold: that such a program is "rather unrealistic today" and that it is somehow coercive. Thus, he writes that he would rather "seek the deregulation of money and credit, that is, to seek freedom,... than to invoke the political process and call on government to create a sound monetary order."

In this vein, Sennholz proposes that we establish the absolute freedom of individuals to own and use gold, abolish all legal-tender laws and permit enforceable contracts made in gold, permit banks to receive deposits in gold, and allow for the private minting of gold and issuance of gold certificates. Sennholz thinks these admirable and radical measures would be more realistic than returning to a gold standard, even though there is more historical precedent in America and the rest of the world for the latter.

Curiously, Sennholz thinks of the gold standard almost as an afterthought to his program: "To safeguard its own currency from the competition of private issues, government may want to make its own issues freely convertible into gold....This step, which does not materially enhance monetary freedom, would give strength and support to government money and confirm the gold standard."

Sennholz seems to regard government money as somehow irrelevant, money that can easily be ignored in a future sea of private gold coins and note issues. The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trouble with this "parallel standard" notion, and similar plans put forth by Austrian economist F. A. Hayek and by economic writer Joe Cobb, is that it ignores the very Mises regression theorem that Sennholz expounds in his book. In short, his policy prescription ignores the fact that Americans are wedded to the dollar, which began as a unit of weight in silver and gold and now subsists on monetary momentum as a money-thing in its own right. The dollar is and will be the currency unit of Americans. They will simply ignore Cobb's gold ounces, Hayek's "ducats" redeemable for a market basket of commodities, or Sennholz's private issues.

The only policy program that will arrive at the goal of all these writers—the separation of money from the state—is one that will privatize and denationalize both the dollar and the gold stock at the same time: namely, a policy that will reestablish the "gold standard." The Hayek, Cobb, or Sennholz proposals would denationalize money by allowing individuals to issue what they hope will be used as currencies but would leave what everyone considers to be money—the dollar—totally in the hands of government.

To denationalize or deregulate money without also denationalizing the dollar is hopelessly utopian. Worst of all, the proposal ignores the fundamental monetary issue of our time: how to denationalize the dollar and get gold-dollars back into private hands. Anything else is whistling in the wind.

It is true that denationalizing gold and dollars requires government action. But to say that such a policy is therefore coercive is a curious use of language. Government confiscated gold and the dollar; to call for government to disgorge its booty and to privatize these assets is no more coercive than to insist that a thief return his loot, though such insistence requires the thief to *do something*.

Since Ludwig von Mises was the common mentor of Sennholz and myself, I would point out that Mises consistently advocated a return to a genuine gold standard. Moreover, Mises, after lecturing on *laissez faire* to economists at Columbia University, was once asked the following question:

"Professor Mises, by advocating repeal of these various laws, aren't you too advocating 'intervention' by government?"

To which Mises responded: "In the same way you could say that a physician, rushing to save a man who has just been run over by a car, is intervening in the body of the man in the same way as the car that ran over him."

Though Sennholz falters on policy recommendations, this should not obscure the great merits of this admirable and lucid work. If enough people read and heed *Money and Freedom*, sound money proposals could more easily be enacted.

Murray Rothbard is professor of economics at Brooklyn Polytechnic Institute and the author of The Mystery of Banking.

The New Campus Revolution

By John H. Fund

Poisoned Ivy, by Benjamin Hart
New York: Stein & Day, 256 pages, $16.95

Doonesbury's Garry Trudeau filled his early cartoons in the 1960s with placard-waving, long-haired protesters. But the Trudeau of the '80s illustrated last year's "Year of the Yuppie" *Newsweek* cover story with a young commuter couple complete with attaché case and Walkman. The Baby Boom generation has given us an unexpected spin-off—today's "yuppies" are in many ways more conservative or approving of the free market than their parents were.

Is Hart right in predicting, from his own limited campus experience, a youthful revolution against liberalism?

It is both inevitable and welcome that a writer should go beyond this observation and ask where some of today's college students (the soon-to-be yuppies attending the prestige schools) are heading, both politically and culturally. The impressionistic answer offered by Benjamin Hart in *Poisoned Ivy*, a memoir of his life at Dartmouth College from 1977 to 1981, is interesting: Today's campus radicals are just as likely—and probably more so—to be conservatives or libertarians who vigorously dissent from a liberal campus ethos that has infiltrated everything from the administration building to the course catalog.

But what Hart, now at the Heritage Foundation, found at Dartmouth among administrators and professors is not a liberalism of tolerance, fair play, and principled condemnation of injustice wherever it is found. Rather, it is an ideology that at its most amusing is straight out of cloud-cuckoo land and at its most menacing might even be called "liberal fascism." When he and others started a conservative campus newspaper, *The Dartmouth Review*, they were greeted with a campaign of intimidation and legal action that should chill the spine of any First Amendment champion.

The apparent catalyst in the conflict between the *Review* and the campus administration was the Dartmouth Indian, the school's unofficial symbol since its chartering in 1769 as a place to educate "the Indian tribes." Over 200 years later, during George McGovern's presidential campaign of '72, Dartmouth began to discourage its use as demeaning and racist. When, during Hart's freshman year, two students in feathers and loincloths skated onto the ice at a hockey game, they were cheered by the crowd but censured by administrators for what one called "emotional violence." The punishment? Either be expelled or give talks on the evil of the Indian symbol and take an Indian to lunch once a week for a year.

Such insanity led Hart and the other Dartmouth Barbs into a guerrilla war. Although this book will inevitably be compared, as William F. Buckley writes in his introduction, to his own famous *God and Man at Yale*, there is at least one major difference. Mr. Buckley wrote a scholarly indictment of his college's liberal excesses because he could not hope to do more. There was no question of leading a successful counterrevolution. Whereas Hart, seeing he had many allies and that the liberal positions had ossified, would accept no substitute for victory and gave his college of status quo a run for its money.

Hart's entertaining account would be made more complete by publishing more of the offensive *Review* articles that so enraged its adversaries. Even Buckley admits that "some of what has appeared in the *Dartmouth Review* I would not myself have published." No doubt that includes an insensitive satire written in black dialect and headlined "Dis sho' ain't no jive, bro." That precipitated a physical attack on Hart by Stephen Smith, a black college administrator. Smith was fined $250, but the Dartmouth faculty showed its colors on nonviolence three days later by voting 113 to 5 to censure, not the assailant, but the *Dartmouth Review*.

Hart found his own antidotes to the surrealistic intrigues of "poisoned ivy." He led a typically robust campus life: cheering the football team, falling in love, cramming for exams, participating in both wild parties and inspiring talks with a campus monsignor. Some of this material would make a fine B+ movie—a sort of thinking man's *Animal House*.

We are also treated to hurried sketches of Hart's partners in the *Review* rebellion, a bright group whom ABC *Nightline*'s Ted Koppel credited with "a hell of a job of self-promotion." Greg Fossedal, the *Review*'s founding editor, has coauthored a book endorsing a strategic defense program. Another editor, Dinesh D'Souza, has published a biography of Jerry Falwell. And the *Review* has inspired similar papers on 40 other campuses.

Is Hart right in predicting, from his own limited campus experience, a youthful revolution against liberalism? There is some evidence from the larger world to confirm his hunch. President Reagan did surprisingly well at many colleges. And a post-election *New York Times*/CBS poll found that among 18- to 24-year-olds, a full 50 percent of those surveyed identified with or leaned toward the Republican Party, compared to only 36 percent for the Democrats—no other age group had nearly so high a percentage of GOP sympathizers.

Other evidence, however, suggests that the move away from liberalism is not necessarily a move to conservatism. Political scientists William Maddox and Stuart Lilie, reporting the results of a major survey on American political views, caution that the apparent trend "toward conservatism among our youngest generations' is more a trend toward libertarianism (support for both economic freedoms and civil liberties) than a trend toward classic conservatism."

It is unlikely in any case that we will soon see a wave of well-groomed, blow-dried ex-College Republicans running the country. Hart's quick survey of the scene on other campuses convinces me that our most prestigious schools will be the slowest to spurn the lingering embrace of the 1960s' *Zeitgeist*. Many of their graduates, schooled by exiled Marxists and the radical chic, will enter an outside world both unfamiliar and disconcerting. Many will adapt; others will sulk in quiet hostility.

For interested observers and alumni, *Poisoned Ivy* is a revealing exposure of the soft intellectual and moral underbellies of some of our best universities. For those who merely enjoy middling-good satire and an enthusiastic campus depiction of youth's golden years, Hart's effort is a darned good read.

John H. Fund is deputy editorial features editor of the Wall Street Journal.

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Minor Insight from a Major Figure

By William Havender

The Limits of Science, by Peter Medawar
New York: Harper & Row, 108 pages, $11.95

Do you know what an *obiter dictum* is? It is an incidental remark or aside from a grand personage, usually a judge. Unfortunately, this slight book, rather than exploring the profound subject of its title, is no more than an *obiter dictum* from a—to be sure—highly and rightly honored scientist, Sir Peter Medawar. (Among many other awards, he holds a Nobel Prize in recognition of his work in immunogenetics.) In view of the feebleness of this book's reach—and this is truly surprising, given both the inherent interest of the topic and the author's frequently professed admiration for and familiarity with the writings of the philosopher Sir Karl Popper—I cannot recommend that you spend time on it.

The question treated by Medawar is, of course, not new. And it should be of interest to us, since we are so accustomed to taking for granted that any problem is at least potentially resolvable by means of the methods of science (assuming this methodology were sufficiently advanced). Given this predisposition, it would surely be news if classes of problems turned up to which the scientific method is inherently inapplicable.

Well, such classes of problems have turned up, and so we might have expected Medawar to give us an introductory *tour d'horizon* of the general topic. Certainly, one of the puzzling oddities of the 20th century is the discovery that there are inherent limits to the precision with which the fundamental particles making up matter can be located in space. Rather than occupying discrete sites, their position can only be described as a "cloud of probability," with the particle having a significant chance at any single instant of being anywhere within the cloud.

The discovery of this deep-level uncertainty has rippled through other areas of intellectual endeavor (especially philosophy). For this reason, then, a discussion of this type of limit on what science can discover and its implications for everyday life would be of high interest to the nonspecialist reader. Does Medawar discuss it? Not at all.

Alternatively, we might have hoped that he would address the limits to scientific inquiry examined by Sir Karl Popper in *The Poverty of Historicism* and by Friedrich Hayek in *The Counter-Revolution of Science* (the former arguing the inapplicability of scientific methods—prediction, in particular—to the study of history and the latter finding related

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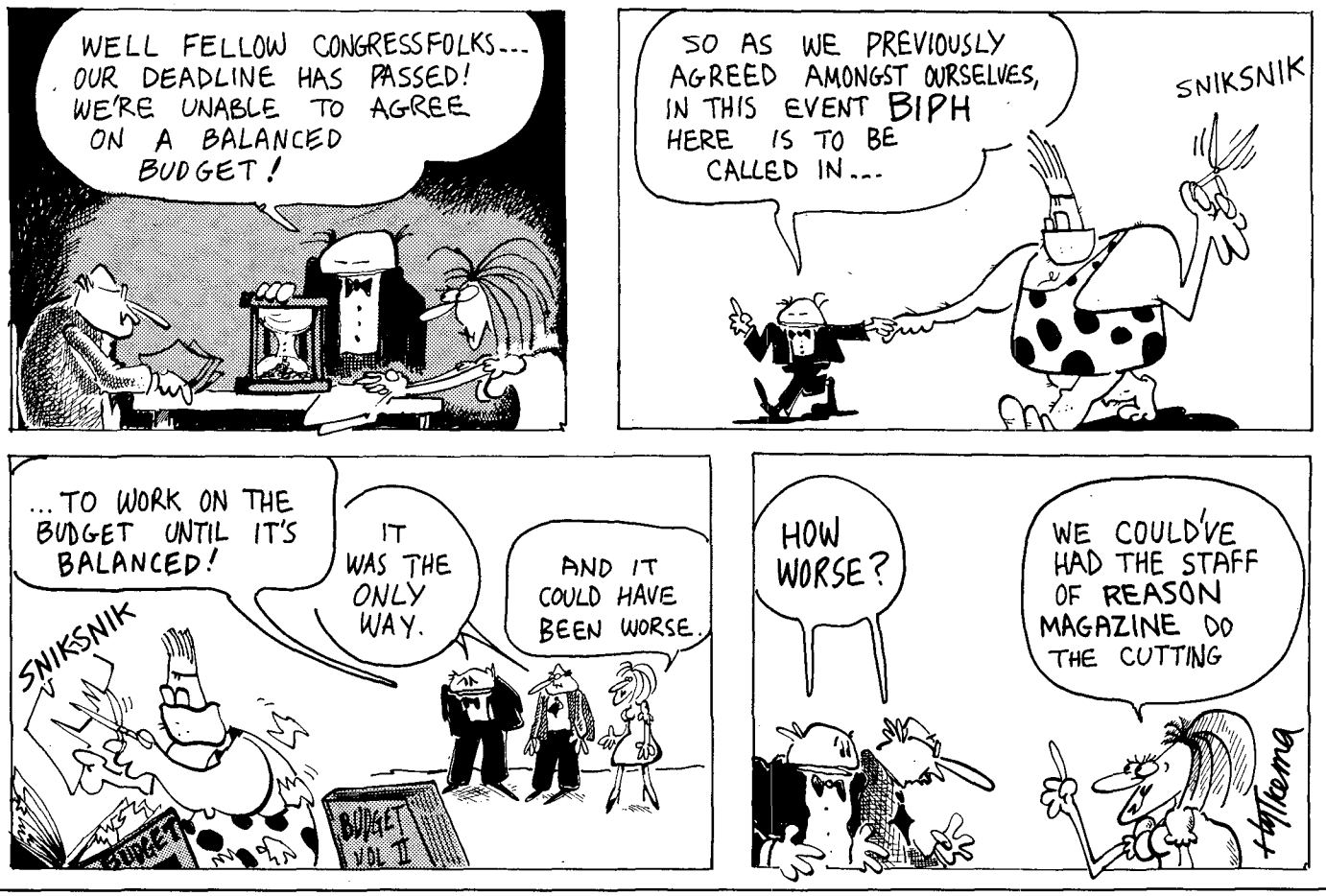
Randall K. Hylkema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flaws in many efforts to apply scientific methodology to the other social sciences). Both of these books are written in dense and sometimes nearly impenetrable prose. A translation of the important ideas contained in them into nonscholarly language would be a meritorious service. (Medawar prides himself, with justice, on being a graceful writer of great civility.) But again, this topic is not touched.

With what sorts of limits to science *does* Medawar, then, deal in this book? There are only three questions that he specifically cites as being intrinsically beyond science, all having to do with what he calls first and last things. These three questions are weighty, and I hope you are all sitting solidly in your seats as you read the words I am about to reveal:

1. How did everything begin?
2. What are we all here for?
3. What is the point of living?

Sort of dazzles you, doesn't it? And just what deep principle is it that renders these questions inherently beyond the capability of science to answer? Why, the Law of Conservation of Information (hereafter, the Law). And what is that? Simply the proposition that no purely *logical* process can increase the information content of the axioms and premises or observation statements from which it proceeds. The Law just described makes it clear that from observation statements or descriptive laws having only empirical furniture (such as propositions of science), there is no process of reasoning by which we may derive theorems having to do with first and last things, such as the three questions just listed.

But we do not have to challenge the overall validity of the Law to recognize that there is a presumption smuggled in here that Medawar nowhere makes explicit, namely, that clues to first and last things are *not already inherent in* the empirical furniture of science. If they are, then the bound placed on science's ability to give meaningful answers to questions about first and last things by the Law vanishes.

The other two questions seem unsuited to a scientific or objective answer for a much simpler reason than their violating the Law. They inherently involve individual tastes, and hence it would be about as meaningful to try to give an *objective* answer to, for example, the question, What is the point of living? as it would be to the question (which is at the root of Marx's notion of surplus value and capitalist exploitation of labor), What is the value of an hour of labor?

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How does Medawar recommend that we try to get answers about such first and last things, if not through science? Why, through myth, metaphysics, imaginative literature, and religion. And how, having given up science, can one hope to arrive at true answers to these ultimate questions, and what authority, if not objective truth, can be cited to resolve disputes about these matters?

According to Medawar, it is not useful or even meaningful to ask whether they are true or false. Instead, what matters is only whether the answers bring peace of mind. In short, he is saying that the answers to the ultimate questions are whatever anyone wants them to be, and there is no way to distinguish true answers from false ones, nor even to rank the possible answers according to a criterion of truth. We need not have waited for the appearance of this book to gain this minor insight.

William Havender is a free-lance writer with a background in science.

Americans' Love-Hate Affair with Capitalism

By Stuart Lilie

American Ethos: Public Attitudes Toward Capitalism and Democracy, by Herbert McClosky and John Zaller, Cambridge, Mass.: Harvard University Press, 342 pages, $27.50

Has capitalism gone the way of the dinosaur? To its defenders it often seems so, in rhetoric as well as in practice. Capitalism's defenders see competition and making a buck assailed and proscribed, downgraded and hemmed in, reviled and sometimes even prohibited. And yet many liberals think that capitalism has enjoyed a resurgence under the Reagan administration at the expense of the needy and less fortunate. With apologies to no one, college graduates vie for good jobs with good firms that will pay them top dollar—and Americans wish them well in this quest.

As a new study by Herbert McClosky and John Zaller reveals, *that's America.* We have a complex, not simple, attitude toward capitalism. Defenders of laissez-faire may look at the drift of public-policy debate and Americans' tolerance of an array of economic controls and conclude that there's no hope. But it's not that simple. *The American Ethos: Public Attitudes Toward Capitalism and Democracy* helps to sort out the actual mix of values that Americans tend to hold dear.

McClosky and Zaller find that Americans display a widespread commitment to both democratic and capitalist values. These values, with common origin in such principles as individualism and rationalism, have often reinforced each other, particularly in early American history. The struggle to discard vestiges of feudal privilege and restriction on individual freedom was justified in both democratic and capitalist terms. However, since the advent of industrial capitalism, note the authors, Americans have often perceived a conflict between certain egalitarian aspects of their democratic values and the individualist principles of capitalism.

The authors think this perception is sufficiently strong that, by the 20th century, capitalism increasingly has been on the defensive. In the past, business interests often found it sufficient simply to defend their entrepreneurial rights based on private property. Today, on the other hand, they "condemn government regulation less because it interferes with their inalienable right to use their property as they wish, than because it allegedly leads to higher prices and wasteful inefficiencies that (they contend) the public pays for."

McClosky and Zaller use a variety of general philosophical and historical sources, but their study is primarily empirical, based on three major surveys of political beliefs held by "elites" (defined as political activists and leaders) and the general public taken between 1975 and 1979. The extensive surveys tailored for this book, combined with the authors' sensitivities to the subtleties of question wording, make this one of the most complete treatments of mass political beliefs. Moreover, the procedures and findings are clearly explained in nontechnical language.

It is impossible to summarize the findings of a book this complex, but some points are particularly noteworthy. In general the authors find a high degree of consensus on abstract statements of both democratic and capitalist principles; disagreement and conflict are more evident regarding specific application of these principles.

For example, about 90 percent of the respondents support "free speech for all no matter what their views." Yet slightly over half the general public and about a third of the political elites agree that to protect moral values, society should forbid publication of certain things. In spite of these inconsistencies, the authors find increasing tolerance on free-speech issues since the 1950s, but less agreement on questions of moral and sexual behavior.

But it is the egalitarian aspect of the democratic outlook, not its personal liberty and participatory aspects, that leads to conflict with capitalist values. Many Americans believe that the goals of equality of opportunity and a decent life for everyone cannot consistently be achieved without government regulation and some kinds of welfare programs. Yet these supporters of welfare and regulation provisions do not see themselves as significantly rejecting the basic foundations of capitalism.

Thus, for example, key elements of the Protestant ethic that has shaped American capitalism still survive. A vast majority of people still see hard work as elevating and profit and self-interest as legitimate pursuits. Contemporary Americans do, however, largely reject the traditional Protestant-ethic assumption that poverty and failure are indications of moral inadequacy, while wealth is a sign of moral virtue. The authors conclude that support for capitalist values stems more from the secular values of individualism and economic efficiency than from Protestant moral and religious values.

The extensive general support that McClosky and Zaller find for free enterprise and private property is matched by a public distrust of big business and support for some forms of government economic regulation. A majority backs some government economic intervention. This cluster of attitudes is complex, since the public is also cynical about big government. The authors conclude that support for capitalism (beyond generalized statements) rests largely on the public's perception that capitalism brings economic results. Americans appear to think that the productivity and efficiency they see in capitalism can be enhanced by regulation without destroying capitalism itself.

McClosky and Zaller do not reduce all political divisions to differences in degree of support for capitalism and democracy. They use political ideology

the book case

as an additional level of explanation of public attitudes. For example, people who are strongly procapitalist are more likely than strong democrats to object to homosexuals teaching in public schools. The authors see ideology as the explanation for this connection. Liberals believe in social change and are generally optimistic; they also tend to emphasize democratic values and regulation of capitalism. Conservatives are more pessimistic and concerned with order and stability; they also tend to be more strongly procapitalist and concerned with what they see as excessive egalitarianism.

Americans, conclude the authors, will continue to hold both democratic and capitalist values. And these values will continue to come into conflict. They predict that democratic egalitarian values will become even more entrenched, whereas capitalist values will be in an increasingly defensive position. The extent to which capitalist values can withstand assault from egalitarian democratic values depends largely on how well capitalism in practice is believed to produce overall efficiency and a decent life for everyone. The authors suggest that in the face of a faltering economy, as occurred at the time of Reagan's election in 1980, capitalist values may be reasserted. But they argue that if these attempts do not produce results, support for government intervention will endure.

While *The American Ethos* is an outstanding resource, it has some limitations. The survey return rate for the general public was 61 percent; while typical for a mail return survey, it nonetheless may bias the results toward more consensus than actually exists. Also, there is clear evidence of a resurgence of capitalist values in political elite debates since the debut of the Reagan administration. Whether this resurgence is temporary, as the authors suggest, or represents a more basic shift in public thinking, is impossible to determine without more-current survey data. If there is a basic shift, is it primarily in a libertarian or in a conservative direction? Fortunately, the thoroughness of this study provides scholars excellent baselines from which to answer these questions when new surveys are undertaken.

Stuart Lilie, a political scientist at the University of Central Florida, is the coauthor of Beyond Liberal and Conservative: Reassessing the Political Spectrum.

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THE CLASSIFIED AD DEADLINE FOR THE JUNE ISSUE IS MARCH 20.

By Stephen Barone

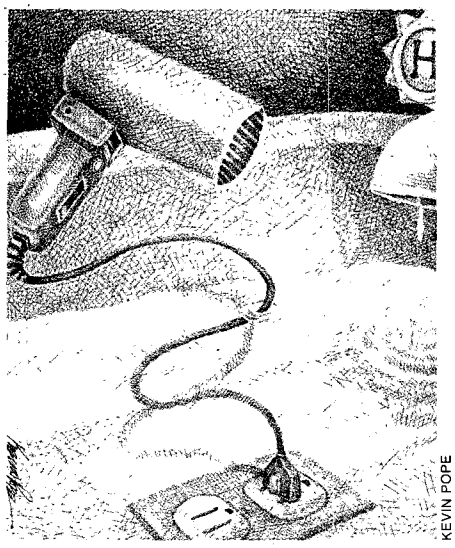
How Stupid Can They Get?

When I was growing up, my father had a saying for those times when I would do something he considered particularly dumb. He would ask, "How can you be so stupid and still live?" It was, of course, a rhetorical question. Members of our species are forever expanding the boundaries of stupidity. Yet they continue to exhale and inhale, ingest and digest, fire little electrical charges across their synapses, excrete this and that from the appropriate glands, maintain homeostasis, etc.

This lack of correlation between measurable intelligence and the maintenance of one's vital signs has been of inestimable comfort to me. Thus, you might imagine my chagrin and despair when I saw the following question in *Vogue*'s health and beauty column: "Is it safe to dry my hair with a blow dryer in a bathtub?" Oh boy. Now here's a person who lives dangerously close to that place on the Great Coordinate Plane of Life where the learning curve crosses the mortality rate. Or maybe she doesn't. At least she *asked* before she hopped into the tub with a glass of Perrier, her *Vogue*, and a 2,000-watt dryer.

I wish this was a benign story, but it isn't. In the best of worlds, stupidity that occurs in such extremes would be a Darwinian mechanism by which the species would be purged of, well...the terminally stupid. Instead, stories such as these, about people who live their lives close to the edges of their swimming pools, with their electrical appliances in hand, just encourage the growth and activity of that other subsegment of the population, the *regulators*.

Government regulators have a cushy job. They need only document the latest depths of stupidity, assume that such stupidity is attributable to every member of the species in the same and unvarying degree, then write rules to protect us from *ourselves*. You don't believe me? Then consider the latest issue of the *National Electrical Code*, a list of standards by which the electrical industry is bound in designing and installing wiring in homes, factories, etc. It dictates that all newly constructed bathrooms be fitted with something called a ground fault interrupter. You've probably seen these near sinks or in bathrooms of newer homes and wondered what they are. They usually have a little red button labeled *Push to test*. They cost about 10-15 times more to install than conventional plugs, and they are federally mandated. What's their purpose? You guessed it—to protect you, in case your husband or wife decides to toss the toaster into the tub while you're bathing. Or the hair dryer.



KEVIN POPE

And it gets worse. There's a plethora of tort laws requiring companies to design products not only with their respective uses in mind, but also their *potential misuses*. This is no small order—at least not when you stop to consider that most misuses of products are engendered by stupidity. And as we've mentioned before, stupidity is of dynamic and boundless supply. The following examples are quoted verbatim from *The Legal Environment of Business*:

"1. In Wisconsin, the heirs of a woman killed in a car accident were allowed to collect from the automaker. Witnesses testified that the decedent was driving her car at least 90 mph when the car went off the road, rolled over and crashed. The automaker was held liable for the woman's death because the seat belt ripped apart during the accident.

"2. In Washington, a workman recovered $750,000 for the loss of a leg from the producer of a machine used at his place of work. Before the accident, other employees had removed a protective panel from the machine to do some repair work and replaced the panel with a piece of cardboard. Plaintiff was not aware of the cardboard, stepped on the machine, and fell into it, losing his leg. The machine was held to be defective because it was so solidly built that it was hard to assemble and disassemble and because it was not equipped with a device that would make it shut off whenever such a panel was removed.

"3. In California, a person recovered from a wine producer for the loss of an eye. The accident occurred when the cork on a champagne bottle being opened hit her glasses, breaking them and putting out an eye. The court held that the champagne maker should place a warning on the bottle about the possibility of a flying cork."

What we have here are some grand cases of basic stupidity. In the first case, the stupidity belongs to the victim. In the second case it belongs to the victim's coworkers. In the third case, I think, it belongs to the judge and jury who made the awards.

Still, those of us who make up the *unstupid* have a problem on our hands. We must tend to the wants and the needs of our own lives. Yet we also bear a larger and more unmanageable burden: liability for all the stupid things the stupid people of the world might do to themselves, now or in the future. How might we meet that challenge?

I don't think we can. How could we try? Tell them it's better to drop used razor blades into that little slot in the medicine chest rather than swallow them? Let them know it's not a good idea to store preschoolers in the refrigerator? Advise them that there are no "user serviceable" parts in a thermonuclear reactor? Let them know it's not a good idea to trim one's nails with a band saw? Shout from the rooftops, "*Never, ever* dry your hair with an electric blow dryer in the bathtub!"?

Stephen Barone is a children's psychologist in Platteville, Wisconsin.

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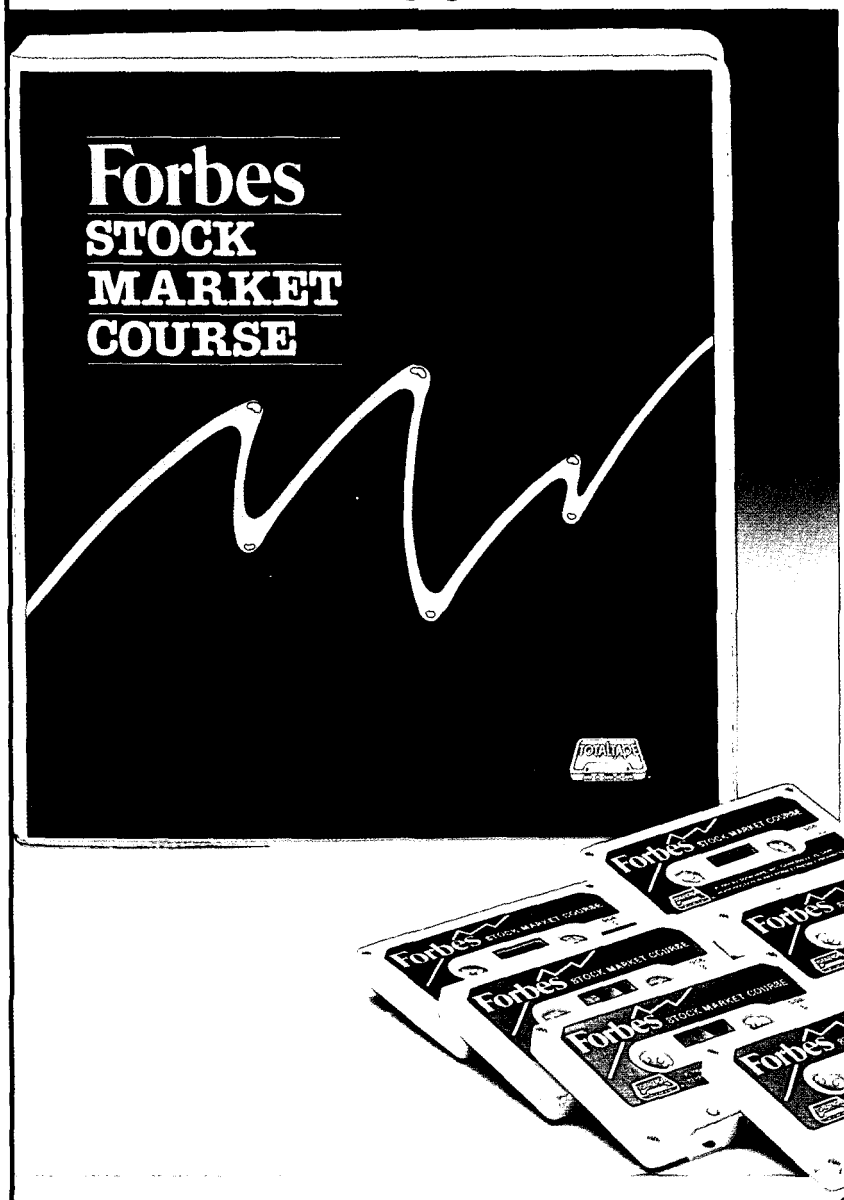

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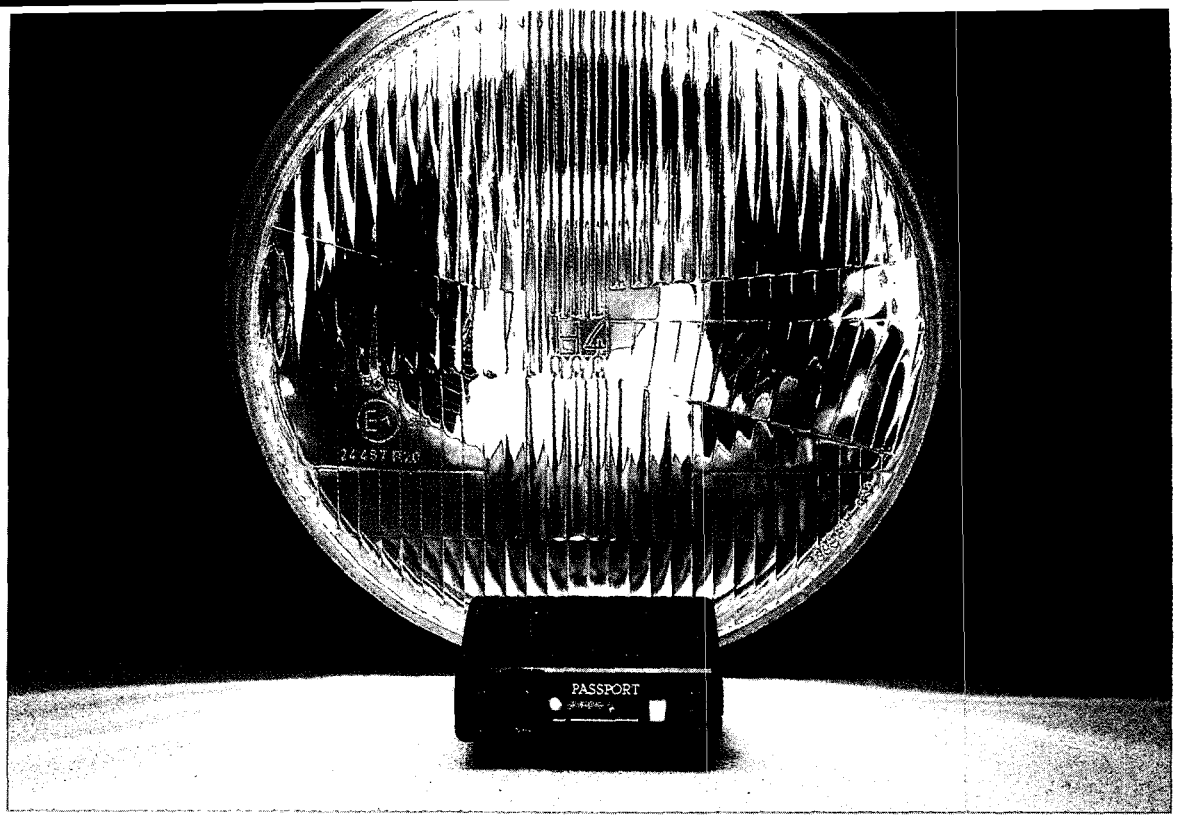

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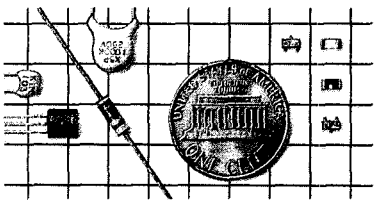

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